Environmental and Utility Services

Mission: *Provide environmental leadership through policy development, program design and reliable utility services.*

The services and programs of the Environmental and Utility Services (E&US) CSA provide integral support to the Council approved Economic Development Strategy and Strategic Initiatives. By providing and maintaining sound environmental infrastructure, programs, and services for residents and businesses, the community continues to be a sustainable and attractive place to live, work, and play. The quality and reliability of the services delivered by the E&US CSA are extremely high and have resulted in remarkable environmental leadership and achievements. The continued maintenance and expansion of these programs and services are necessary components of the City's economic growth and vitality.

Several budget augmentations were approved to ensure the integrity of the storm and sanitary sewer infrastructure and to protect compliance with the City's NPDES (National Pollution Discharge Elimination System) Stormwater permit. The provisions approved in the 2001 Stormwater permit are coming to full implementation. Additional resources are needed to address the peak in workload associated with ramping up the program to address the new development provisions and to build the ongoing technical expertise needed for future permits and program development. Permit compliance is especially important with the City entering the final year of the current permit cycle and beginning development of the 2006-2011 stormwater permit, which is expected to be a bay-wide, municipal regional stormwater permit. Additional budget augmentations were also approved in response to the recent Administrative Order from the Environmental Protection Agency.

As the E&US CSA prepares a long-term strategy for a "Clean and Green" Downtown, an intermediate budget augmentation, funded through a modest increase in Commercial hauler fees, will ensure a higher level of cleaning activities on an interim basis until the program is implemented. Additional activities funded through this fee increase include administration of the highly successful Construction and Demolition Diversion Deposit Program, and expansion of the "Go Green" program for schools, both of which will increase diversion of recyclable waste to help meet State-mandated diversion goals.

CSA OUTCOMES

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy
- Safe, Reliable and Sufficient Water Supply

Primary Partners

Environmental Services

Transportation

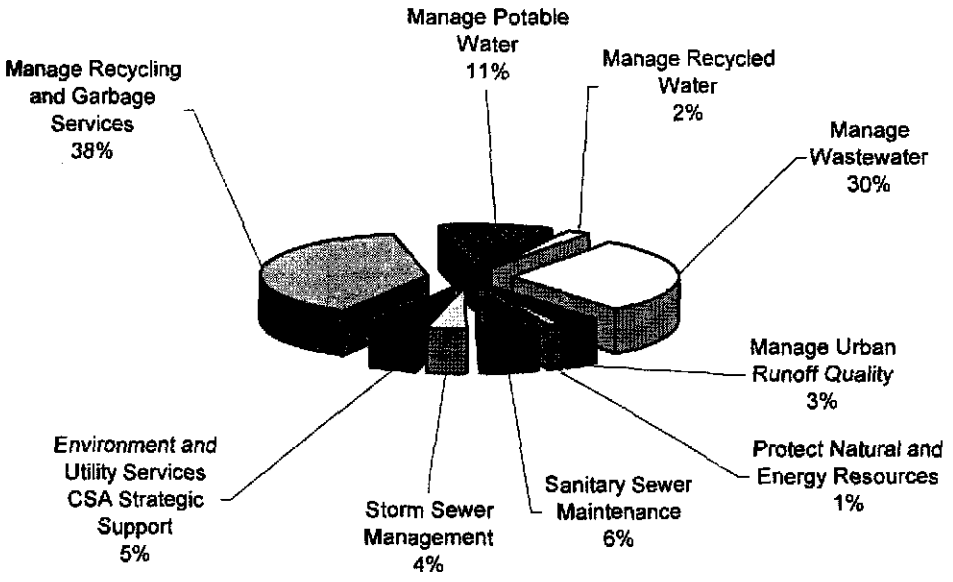
Budget at a Glance

	2005-2006 Adopted	2006-2007 Adopted	% Change
Total CSA Budget (All Funds)	$168,722,134	$181,081,243	7.3%
Total Authorized Positions	596.36	612.63	2.7%

Budget & Performance Highlights

- **Storm Sewer Infrastructure Rehabilitation** — Storm sewer infrastructure continues to require significant maintenance and replacement. The 2006-2007 Adopted Capital Budget reflects: a third year of funding to replace or rehabilitate one or two of the older pump stations to reduce the risk of localized flooding; a second year of Neighborhood Storm Drainage Improvements to address drainage concerns along special corridors; and Storm Outfall Rehabilitation to ensure continued flood protection to businesses and residents.
- **Enhancing Downtown Cleanliness** — City staff is working with downtown stakeholders to enhance cleanliness in the downtown. One potential strategy is the "Clean and Green" Downtown Program. However, this program would not be implemented until 2009-2010. In order to address the issue more immediately, the CSA has included funding on an interim basis for six additional days per month of cleaning until a long-term strategy is implemented.
- **"Go Green" Program for Schools** — Staffing and non-personal/equipment resources were approved to enhance the City's assistance to schools in meeting their state requirements and increase the diversion of recyclables from the solid waste stream.
- **Wastewater Regulatory Requirements** — A total of $1.6 million and eight new positions were approved to cover additional regulatory requirements including: Contracts for Technical Support Consulting and Source Control Training; Fats, Oils, and Grease Inspection Program; Pollution Prevention Program Expansion; Trunkline, Surveillance, and Sector Loading Program, and an additional supervisor over the inspection program.
- **Street Sweeping Parking Prohibitions Expansion** — Parked cars are the leading hindrance to effective street sweeping and clean streets. It is estimated that on 10% of the City's streets more than half of the curbs are blocked by parked cars on sweep day. This enhancement will expand parking prohibitions on sweep days by 40 miles and represents the fourth year of a multi-year strategy to improve street sweeping effectiveness and the cleanliness of streets in the City.
- **NPDES Stormwater Permit Provisions Implementation** — A total of $520,000 and a new position were approved to cover additional regulatory requirements including: Trash Removal and Prevention, Integrated Pest Management, Stormwater Control Measure operations and maintenance, technical evaluations, and for permit coordination and program implementation.

2006-2007 Total Operations by Core Service



City Service Area Budget Summary

	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Manage Potable Water	$ 15,840,908	$ 18,374,279	$ 19,399,422	$ 19,479,522	6.0%
Manage Recycled Water	2,259,361	3,903,153	3,929,254	3,929,254	0.7%
Manage Recycling and Garbage Services	62,155,204	63,552,986	66,944,694	68,952,638	8.5%
Manage Urban Runoff Quality	4,379,688	5,017,462	5,316,587	5,808,278	15.8%
Manage Wastewater	47,676,800	49,931,260	51,655,049	53,211,230	6.6%
Protect Natural and Energy Resources	1,267,074	2,976,397	2,692,950	2,691,950	(9.6%)
Sanitary Sewer Maintenance	8,889,046	9,547,296	10,135,777	10,126,277	6.1%
Storm Sewer Management	5,862,003	6,407,190	6,475,399	6,773,569	5.7%
Strategic Support	6,284,714	7,624,111	8,642,525	8,642,525	13.4%
Subtotal	***$ 154,614,798***	***$ 167,334,134***	***$ 175,191,657***	***$ 179,615,243***	***7.3%***
Other Programs					
City-Wide Expenses	$ 506,608	$ 1,388,000	$ 680,000	$ 1,466,000	5.6%
Subtotal	**$ 506,608**	**$ 1,388,000**	**$ 680,000**	**$ 1,466,000**	**5.6%**
Total	**$ 155,121,406**	**$ 168,722,134**	**$ 175,871,657**	**$ 181,081,243**	**7.3%**
Authorized Positions	**594.16**	**596.36**	**594.63**	**612.63**	**2.7%**

Current Position — *How are we doing now?*

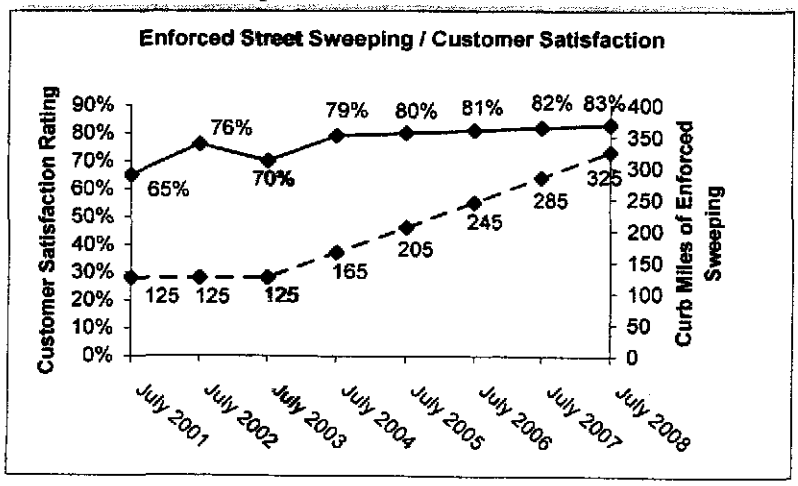
- Solid waste recycling and landfill diversion was 62% for 2002 (latest State certified number), the highest rate achieved by any large city in the country.
- City-wide facility and utility energy conservation is 16%.
- South Bay Water Recycling (SBWR) use for the summer of 2005 averaged 12.5 million gallons per day (mgd).
- During summer of 2005, discharge from the Treatment Plant met or exceeded all NPDES Permit requirements and was 100.0 mgd, well below the 120 mgd summer flow trigger.

Selected Community Indicators — *What external conditions influence our strategies?*

- Flow to Treatment Plant—Used to determine need for new flow reduction programs and Plant expansion. Flow of 142 mgd triggers expansion planning.
- Recycling and diversion rates of the different sectors of the waste stream; e.g. Single Family Dwelling, Multi-family Dwelling, Commercial, Construction & Demolition—Indicates which areas need to focus recycling education efforts.
- Solid waste landfill volumes—Indicates success of diversion programs. State mandate = 50% diversion.
- Recycled Water Use = 6.0 million gallons per day—Indicates growth in use of recycled water for irrigation, agriculture, and industrial use.
- Percent of streets experiencing severe parking impacts that prevent effective street sweeping = 10%.

Trends / Issues / Opportunities — *What developments require our response?*

- Increased natural gas, electricity, fuel, and wholesale water costs increase expenses for the Treatment Plant, Recycle Plus, and Municipal Water System and other City facilities.
- Increased security requirements for the Treatment Plant and Municipal Water System.
- Lower solid waste landfill volumes reflect program effectiveness and downturn in the economy; negatively impacts General Fund revenue.
- Participation in the Santa Clara Valley Water Protection Collaborative to address issues related to land use near streams in order to protect surface and groundwater quality and quantity.
- Regulatory development of Total Maximum Daily Loads (TMDLs) for several pollutants will impact the 2006 NPDES Stormwater permit and future permits for the Treatment Plant.
- Aging storm sewer, sanitary sewer, and Treatment Plant infrastructure results in increased maintenance and rehabilitation/replacement costs.



- Work with co-permittees, Water Board, and stakeholders to develop new NPDES Stormwater Permit with feasible and reasonable provisions, to be issued in 2006-2007.
- Review Solid Waste Diversion Policy and Action Plan to evaluate recycling program alternatives in order to maximize diversion and enhance revenue through a restructuring of the commercial solid waste system.
- Improve neighborhood cleanliness by continuing to address parking impacts on street sweeping effectiveness.

Trends / Issues / Opportunities — *What developments require our response? (Cont'd.)*

- Enhance the City's leadership in recycling through partnering with the County Household Hazardous Waste (HHW) Program to increase e-waste collection; review the City's Environmental Purchasing Policies and revise as needed.
- Collaborate with the County to identify a HHW site to allow the relocation of the existing temporary site at the Central Service Yard to accommodate the implementation of the Yard Master Plan.
- Conduct an RFP process to select a new service provider as the residential garbage and recycling hauler for 2/3 of the City.
- Silicon Valley Energy Partnership with PG&E to provide energy efficiency education, audits, and installation design analysis to small businesses and municipalities.
- The US Environmental Protection Agency's 2005 Administrative Order requires a series of analyses, corrections, and actions focused on enhancing and improving the regulation and inspection of companies that discharge wastewater to the San José /Santa Clara Water Pollution Control Plant.
- Partnership with Santa Clara Valley Water District (District) for operation of SBWR System. The City and District are working on several fronts on issues pertaining to recycled water including: advanced treatment of recycled water; irrigation of redwood trees and other sensitive plants; and securing federal and State grants.
- Continued participation in the Santa Clara Valley Urban Runoff Pollution Prevention Program and the Watershed Management Initiative to leverage resources to meet Stormwater permit requirements.
- Develop a 'Clean and Green' Downtown Program to improve diversion and increase recycling effectiveness in downtown core through restructuring of the commercial solid waste and recycling program.
- Influence water supply planning through participation in the Bay Area Water Conservation and Supply Agency.
- Participate in the State-federal planning process for restoration of the South Bay Salt Ponds (16,500 acres) to ensure that the wastewater treatment plant can continue to operate effectively and efficiently and to protect Alviso from any potential tidal impacts.
- Participate with Bay Area Clean Water Agencies (BACWA) and the Water Board in developing the City's Sanitary Sewer Management Plan (SSMP) to reduce overall sanitary sewer blockages and overflows.
- Meet the infrastructure needs such as water, street maintenance, sanitary, and storm sewers for the North San José Development, Evergreen Smart Growth Plan, and Coyote Valley.
- The City's Utility Billing System is a legacy system with limited capabilities that do not take advantage of current technology with the associated reliability, efficiency, and quality of service delivery. The system under development to replace it, the Consolidated Utility Billing System (formerly CUSP), will address these issues.
- The slower economy has resulted in declining commercial and industrial revenues for sewer and solid waste funds.
- The Environmental Services Department, now operating as a certified Green Business, anticipates assisting other City departments in achieving certification.

Policy Framework — *What policies guide our strategies?*

- Economic Development Strategy and Strategic Initiative Priorities.
- NPDES Stormwater Permit and Urban Runoff Management Plan (URMP) - Defines how the City will meet the objectives as set forth in the NPDES permit.
- NPDES Wastewater Permit - Defines the objectives the City must meet and guides flow reduction program development to ensure the wastewater treatment plant meets conditions that protect the San Francisco Bay from contaminants and conditions that could negatively impact water quality.
- AB939 50% Diversion Mandate - Mandates that the City maintain a landfill diversion rate of 50% or greater.
- Environmental Procurement Policy - Reduction of environmental impacts through the purchase of preferable products by the City.

Policy Framework *What policies guide our strategies? (Cont'd.)*

- Sustainable City Policy - Statement of San José's desire to become an environmentally and economically sustainable city by conserving its natural resources for the use of present and future generations, incorporating the City's Green Building and energy policies.
- Sanitary Sewer Management Plan - Identifies and prioritizes future capacity improvements to the City's sanitary sewer collection system in order to support the City's General Plan for future development.
- Pollution Prevention Policy - Reduction of the use of pesticides and mercury-containing products in City operations in order to prevent pollution and protect water quality.
- Water Policy - Strategic directions for developing and prioritizing work plans and programs that maximize ecosystem protection.
- San José 2020 General Plan - Establishes goals and policies for infrastructure management and solid waste and level of service goals for sewage treatment, sanitary and storm sewers and flood protection.
- Sustainable Energy Policy - Guides current and future energy actions. It also provides an integrated, comprehensive guide that decision-makers can use to ensure the energy policies and programs are mutually reinforcing and do not conflict with one another or with other City goals, objectives and programs.
- Urban Environmental Accords - Environmental issues that the City has agreed to address to enable sustainable urban living and improve the quality of life for residents of San José in the areas of: energy, waste reduction, urban design, urban nature, transportation, environmental health, and water.

General Plan Alignment

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José, reflecting the community values of its residents, business owners, etc. It is a long-range plan identifying the location and intensity of land uses, character of future development and existing neighborhoods, and the overall quality of life of the San José community.

Other plans (e.g., the Sustainable City Policy, Economic Development Strategy, Sanitary Sewer Master Plan) are consistent with the General Plan, providing a greater level of detail as to how to achieve the goals set forth in the General Plan.

The General Plan identifies long-range services goals and policies for:

- Sewage treatment - remain within the capacity of the Water Pollution Control Plant
- Storm drainage - minimize flooding on public streets and property from storm water
- Solid waste - exceed 50% waste diversion, maintain 20 years of landfill capacity, provide for recycling at every location where waste is generated

In light of projected resources, the business plan identifies a five-year goal of:

- Millions of gallons a day (mgd) discharged to Bay during Average Dry Weather Effluent Flow (ADWEF) season <120 mgd
- % of utility assets in working condition – Storm Sewer lines = 99%

The E&US CSA is working with Planning, Building and Code Enforcement to modify existing service goals and adding a new level relating to sustainability, solid waste, and water policy to increase alignments between the CSA Business Plan and the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: Reliable Utility Infrastructure

- **100% cost-recovery in special funds** - *Maintain programs at 100% cost-recovery to ensure financial integrity and* fiscal responsibility of funds. A combination of program efficiencies and modest rate increases will be used to balance expenditures and revenues to keep programs as close to 100% cost-recovery as possible.

- **Continue to improve service delivery and reliability of residential street sweeping** - The City employs parking prohibition and enforcement on sweep days, as well as education and outreach, as a tool to improve the quality of street sweeping in select high parking impact areas. This strategy is proving to be successful in many neighborhoods. The City will continue to work with the community to further identify areas that will benefit from this strategy.

- **Continue to meet and exceed the State's AB939 Diversion Mandate of 50%** - San José has succeeded in achieving 62% diversion of solid waste from landfills. As a result, the expected life span of San José landfills has been effectively increased with a capacity to at least 2020. The CSA will also continue to analyze diversion and disposal information, conduct outreach to encourage continued diversion, and improve service delivery and reliability of solid waste collection while maximizing diversion and providing high quality customer services. The CSA will continue to analyze materials capacity and the required infrastructure development to handle the waste from San José's growing population.

- **Replace legacy Utility Billing System** - In December 2004, Council approved the purchase of a PeopleSoft product to replace the existing Utility Billing System (Socrates). Bearing Point was selected as the systems integration vendor and, in September 2005, Council approved a revised scope of work to include the implementation of Customer Relationship Management. Phase 1 of the Consolidated Utility Billing System implementation effort, expected to conclude by December 2006, will automate numerous manual functions, provide enhanced service to customers and provide the technological infrastructure, which can be leveraged to incorporate other customer and service request management activities across the City organization.

- **Rehabilitation and replacement of aging infrastructure** - The utility infrastructure in San José - the sanitary sewer system, storm sewer system, the treatment plant, and the water distribution system - is aging and requires increased maintenance. The problem is particularly critical at the Treatment Plant where over $250 million in infrastructure rehabilitation and replacement in the next ten to fifteen years has been identified. Examples include: $64 million in electrical reliability improvements; $15 million in valve, pump, and motor replacements; $10 million in underground piping replacement; $30 million in old headworks rehabilitation; $21 million in Digester replacements and improvements; and $10 million replacement of 30-year old blowers. In order to maintain system reliability and minimize maintenance costs, the older infrastructure needs to be rehabilitated or replaced.

- **Redirect the focus of the storm capital program** — Storm sewer infrastructure includes storm drain pipelines, storm drain pump stations, storm outfalls into waterways, and curbs and gutters. In 2006-2007, the capital program focus was approved to shift from large infrastructure for system-wide needs to minor improvements that address localized drainage problems in residential neighborhoods. Neighborhood storm drainage improvements will include storm pump station replacements as well as drainage improvements in Strong Neighborhoods Initiative Areas.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

- **Continue to meet and exceed NPDES Stormwater permit requirements** – The City conducts activities to limit non-storm water discharges to the storm sewer system and to implement "Best Management Practices" (BMP) to reduce pollutants. Activities include implementing BMP's for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, and educating the community on how to protect water quality.

- **Continue to meet and exceed NPDES Wastewater permit requirements** – The City's NPDES permit development and management approach identifies the most cost-effective and environmentally beneficial programs. Through technical studies, regional cooperation and programmatic efforts, the Plant strives to provide regulatory certainty to the City and discharge community by resolving issues such as copper, nickel, and mercury discharge limits, freshwater flows to the south bay, and marsh mitigation.

- **Continue to invest in the recycled water system to enhance reliability** – Recycled water use has been key to diverting flow from the bay. As recycled water use evolves from irrigation purposes only, to include more industrial and commercial customers, it is critical that the reliability of the system be enhanced to minimize water interruption. When reservoirs are completed to enhance reliability and redundancy, the focus will shift to primarily maintaining and operating the system. Currently, six major industrial/commercial users depend on recycled water for operations rather than for landscaping and aesthetics. This growing number of industrial and commercial users is a trend that is expected to continue.

- **Watershed Management Initiative, Santa Clara Valley Urban Runoff Pollution Prevention Program, and Water Resources Protection Collaborative** – The City Council adopted the Watershed Management Initiative's (WMI) Watershed Action Plan in September 2003. The WMI will now concentrate its efforts on activities that implement the strategic objectives of the Action Plan. The City will continue participation with other co-permittees as a member of the Santa Clara Valley Urban Runoff Pollution Prevention Program to develop stormwater programs and implement stormwater permit requirements. The City will also continue participation in the Water Resources Protection Collaborative as it proceeds to develop standards and guidelines, as needed, for land uses near streams and for the protection of surface and groundwater quality and quantity.

Outcome 3: "Clean and Sustainable" Air, Land and Energy

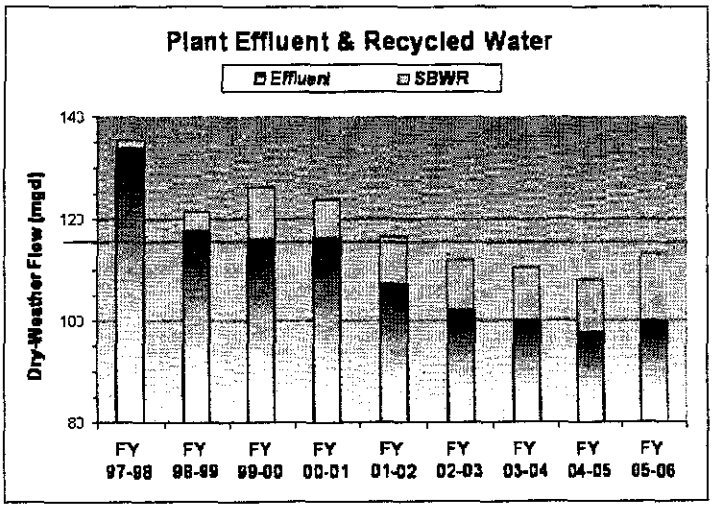
- **Utilize Green and Sustainable Building design and construction principles in public and private construction** – The City is committed to implementing the Green Building policy and goals by developing in-house expertise in green building design and construction (LEED™ rating system). Through a partnership with PG&E, the City is coordinating activities of the Silicon Valley Energy Program (SVEP), which offers new, larger rebates to small businesses to help them install energy efficient equipment and reduce their operating costs, design assistance for new construction on energy opportunities, energy audits for municipalities, and comprehensive energy courses and workshops for design and energy professionals.

- **Promote environmentally responsible land use** – Utilizing closed landfills for both interim and permanent productive purposes provides a benefit to the community. Productive uses of landfills can include community athletic complexes such as softball and soccer fields, as well as land for temporary or permanent City use. Additionally, soil is a valuable commodity. Coordination of City project soil disposal and purchase needs, the temporary storage or staging of soil, and the ultimate reuse of soil can lead to significant cost savings.

Key Strategic Goals & Objectives ***Where are we going? (Cont'd.)***

Outcome 4: Safe, Reliable and Sufficient Water Supply

- **Continue to meet and exceed drinking water quality requirements** - San José Municipal Water System ensures that drinking water delivered to customers meets all applicable federal and State health standards. Water at various locations in the distribution system is tested daily using the latest testing procedures and equipment.
- ***Continue to meet and exceed recycled water quality requirements*** - The South Bay Water Recycling Program delivers treated effluent from the Treatment Plant to customers for reuse in irrigation, landscaping, and other beneficial purposes. Planned upgrades to Plant facilities through the 2006-2007 Adopted Capital Budget will ensure continued treatment of recycled water *to meet customer needs and comply with* regulatory requirements.



Overview

The Environmental and Utility Services CSA will focus its service efforts in 2006-2007 and 2007-2008 on adjusting resources to meet City Council and community priorities, and continue to address an aging utility infrastructure and emerging regulatory requirements. Reliable and efficient utility services and strong environmental leadership both contribute to a strong economy and a sustainable community.

Key Investments & Objectives *How will we accomplish our goals?*

Although less than 2% of the Environmental and Utility Services (E&US) CSA funding comes from the General Fund, a total of over $1.4 million in eligible ongoing expenditures have been shifted from the General Fund to E&US special funds during the last two years. In addition, almost $500,000 in additional annual General Fund revenue has been generated by the E&US CSA.

While shifting costs to special funds reduces the General Fund budget, in the special funds, it reduces revenues available for other program activities and has, in past years, contributed to the need for rate increases. In order to minimize rate increases resulting from these shifts and from increased program costs, the E&US CSA has identified and implemented numerous efficiency savings and leveraged funds where possible. Despite these efforts, revenues have been, and continue to be, inadequate to address the scope of capital projects necessary to maintain an optimal utility infrastructure and the increasingly more stringent and costly regulatory requirements.

In order to cover the escalating costs of service delivery, infrastructure rehabilitation and replacement, and regulatory compliance, rate increases are required. A small rate increase of 4.3% was approved for the Municipal Water System to cover anticipated wholesale water cost increases. The second year of increases was approved for Storm Sewer fees (4.5%) and the third year of Sewer Service and Use Fee (also 4.5%) rate increases was also approved. After deferring a recommended rate increase for the Recycle Plus program, pending the results of the Norcal Waste Systems of San José, Inc. 2004 contract amendment investigation, Council approved an increase of 5% effective April 2006. Another 5% rate increase was approved for 2006-2007.

Outcome 1: Reliable Utility Infrastructure

Year 1: 2006-2007 – *Planned Service Strategies*

Storm Sewer Infrastructure Reliability Improvements

- Targeted investment in storm sewer reliability improvements and neighborhood drainage improvements continues.
- The third year of a comprehensive storm pump station rehabilitation capital program was approved to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of localized flooding during storm events.
- The second year of targeted neighborhood storm drainage improvements along heavily-utilized pedestrian corridors was approved to alleviate localized ponding resulting from inadequate drainage capability.
- A new Outfall Rehabilitation Program was approved to repair or replace faulty storm sewer outfalls and improve the flow of stormwater runoff to the creeks.

Sanitary Sewer Odor Control and Interceptor Cleaning

- An additional $300,000 was approved to install a sanitary sewer Hydrogen Peroxide Injection Station in North San José to decrease the production of unpleasant sewer gasses. Staff anticipates that sewer odors will decrease and odor complaints from citizens and businesses in the area will also decline.
- An additional $600,000 was approved to isolate, dewater, and remove accumulated sediments from the City's four major sanitary sewer interceptors. Due to the operating characteristics of the system, heavy materials, grease, and grit are prone to accumulate in certain portions of the system and must be periodically removed to maintain hydraulic capacity and extend the service life of the interceptors.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

Year 1: 2006-2007 – *Planned Service Strategies (Cont'd.)*

Enhancing Downtown Cleanliness

- City staff is working with downtown stakeholders to enhance cleanliness in the downtown. One potential strategy is the "Clean and Green" Downtown Program. However, this program would not be implemented until 2009-2010. In order to address the issue more immediately, the CSA approved funding six additional days per month of cleaning, to temporarily bridge the gap and enable the Department of Transportation to enhance downtown cleanliness until a long-term strategy is implemented. Possible funding sources for the City's portion include using a portion of the revenues that could be generated by the approved increase in the Commercial Solid Waste Franchise Fee.

Material Characterization Study

- As directed by Council to assess the composition of materials in the residential recycling system, City staff is working with stakeholders from the haulers and with the consultant hired by Norcal as the project manager. This budget will fund a consultant contract to perform the detailed study which will enable staff to return to the Council with a report and associated recommendations.

Year 2: 2007-2008 – *Projected Service Strategies*

General Fund Reductions and Revenue Enhancements

- The CSA will continue to explore revenue generation opportunities to support the General Fund.

Recycle Plus Hauler Transition

- In January 2006, Norcal Waste Solutions notified the City it would not seek an extension of its residential hauling contract. The City is in the process of collecting and evaluating bids for Districts A and C, previously serviced by Norcal. In the event that Norcal is not selected as the hauler for those districts, staff will implement a transition plan to provide staffing support and outreach materials to the Recycle Plus program as garbage, recycling, yard trimmings, and residential street sweeping services are transitioned from Norcal Waste Systems to a new service provider(s) on July 1, 2007.

Clean and Green Downtown and Commercial System Redesign

- As part of the Commercial Franchise System redesign, the CSA is exploring the consolidation of downtown garbage/recycling services provided by other City departments and agencies into an exclusive "downtown district." Staff is currently evaluating funding strategies for this program and will continue with the design and implementation in 2007-2008.

Infrastructure Rehabilitation and Replacement

- The CSA will continue to explore funding strategies for the Storm Sewer, Sanitary Sewer, and Treatment Plant infrastructure needs. Alternative sources of financing, such as bonds, loans, and grants, will be evaluated in order to minimize the rate increases needed to fund the approximately $300 million in projects over the next fifteen years.

Key Investments & Objectives ***How will we accomplish our goals? (Cont'd.)***

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

Year 1: 2006-2007 – *Planned Service Strategies*

Street Sweeping Effectiveness

- Fourth year of this program designed to improve the cleanliness of residential neighborhoods through the enhancement of street sweeping effectiveness.
- Parking prohibition and enforcement on sweep days will be expanded by installing 40 new curb miles of signage for parking prohibitions in 2006-2007.
- The program will perform outreach and education to areas heavily impacted by parked cars to determine if parking prohibitions on sweep days would be beneficial and desired by the community.

NPDES Stormwater Permit Provisions Implementation

- Pending requirements from the 2006 permit are increasingly stringent
- A total of $513,000 was approved to cover additional regulatory requirements including: Trash Removal and Prevention, Integrated Pest Management, Stormwater Control Measure operations and maintenance, technical evaluations, and a position for permit coordination and program implementation.

EPA Administrative Order Compliance

- Compliance with the EPA Administrative Order issued in 2005 requires additional resources.
- Approximately $620,000 was approved to address these compliance activities.
- Activities to be funded include: technical support consulting contract for pretreatment and pollution prevention, Source Control staff training, Trunkline, Surveillance and Sector Loading Program, and an additional supervisor over the Inspection Program.

Sanitary Sewer Management Plan Compliance

- As part of a Sanitary Sewer Management Plan (SSMP), the Water Board requires the City to implement a Fats, Oils, and Grease (FOG) control program, which requires detailed inspections of all food-related facilities in the City of San José. There are over 3,000 such facilities in San José. To complete comprehensive FOG inspections requires four additional inspectors.

Year 2: 2007-2008 – *Projected Service Strategies*

Street Sweeping Effectiveness

- The CSA plans to continue its outreach and expanded parking prohibition activities in 2007-2008.

NPDES 2006 Stormwater Permit

- The CSA is currently negotiating its NPDES stormwater permit with the Regional Water Quality Control Board. The next permit is expected to be a bay-wide municipal regional permit and will become effective in 2006-2007. In recent years, the trend has been toward more stringent and costly requirements, particularly for stormwater programs. Pending the outcome of further permit negotiations, additional requirements will be added, at which time staff will determine future funding implications.

Outcome 1: Reliable Utility Infrastructure

Wastewater Treatment Plant Reliability Projects

The multi-year Plant Reliability Improvements Project currently underway at the Treatment Plant will increase peak wet weather flow capacity from 271 mgd to 400 mgd. Past wet weather flows during prolonged rainstorms have caused inflow to the Plant to surpass 320 mgd, resulting in numerous operational difficulties. Construction of this project began in spring of 2005. In addition, detailed design for the multi-year rehabilitation of the Plant's electrical distribution system to replace aging infrastructure and ensure redundancy for the Plant's 24/7 operations started in spring of 2005. The design will be based on the Electrical System Improvements Study completed in October 2004. Due to present funding constraints, the construction of Phase 1 will be deferred until 2008-2009. Construction for all phases will occur over a six year time span.

5 Year Strategic Goals	CSA Performance Measures	2007-2011 *5-yr Goal*	2005-2006 *1-yr Target*	2005-2006 *Estimate*	2006-2007 *1-yr Target*	2007-2008 *2-yr Target*
A. Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	86% 18/21	90%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	82% 14/17	90%	85%
	3. project delivery costs (exclusive of city-wide overhead) as % of total construction cost for completed projects with construction costs:					
	less than $500,000-	31%	31%	28%	31%	31%
	between $500,000 and $3M-	23%	23%	26%	23%	23%
	greater than $3M-	15%	15%	10%	15%	15%
	Total (all construction costs)-			25%		
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	80%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	85%	85%	85%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

*Projects are considered to be "delivered" when they are available for their intended use.
**Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
B. Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:					
	- SJ/SC Water Pollution Control Plant	95%	95%	95%	95%	95%
	- Sanitary Sewer lines	99%	97%	98%	97%	98%
	- Storm Sewer lines	97%	97%	94%	95%	95%
	- SJ Municipal Water	95%	95%	99%	95%	95%
	- South Bay Water Recycling	95%	95%	100%	95%	95%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption:					
	-Portable	90%	85%	91%	85%	90%
	-Recycled	90%	75%	76%	75%	80%
	3. Ratio of MWS average residential water bill to average residential water bill of other San José water retailers**	<100%	<100%	74%	<100%	<100%
C. Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)	70%	59%	62%	62%	65%
	2. % of residents rating collection services as good or excellent					
	- Single-Family Dwelling	90%	85%	90%	85%	85%
	- Multi-Family Dwelling	85%	75%	79%	80%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Potable and Recycled Water surveys for 2005-2006 will be conducted in spring 2006, with results available fall 2006.

** San José water retailers include: San José Water Company and Great Oaks Water Company

Infrastructure Improvements

In 2004, the Alternative Disinfection Project Study began at the Treatment Plant. This project will evaluate and construct the facilities required in order for the Plant to switch from gaseous chlorine to alternative disinfection methods. A Gas Chlorine Conversion Plan was completed in October 2004. Detailed design of the project was completed in Spring 2006 and construction to begin in Fall 2006.

A comprehensive storm pump station rehabilitation and upgrade capital program was developed and begun in 2004-2005. This multi-year program addresses the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations so as to reduce the risk of localized flooding. The program continues with a third year of funding in 2006-2007 for the rehabilitation of an additional pump station.

A new five million gallon reservoir for the recycled water system, which will enhance reliability and improve system operations, was awarded in April 2005 and construction completion is scheduled for 2006-2007. Recycled water pipelines to City Hall were completed and pipelines along Coleman Avenue toward the City of Santa Clara are now under construction and expected to be completed in 2006-2007.

Successful Solid Waste Diversion

San José requested that the California Integrated Waste Management Board adopt a new base year for San José to calculate the City's waste diversion numbers. The Board reviewed the study the City conducted and approved the request. The result is that the 1999 diversion rate for San José was 59% and the 2000 diversion rate was 64%. The Board approved the City's 2002 rate of 62% in June 2004. The City's preliminary diversion rate of 59% for 2003 is not anticipated to be approved by the Board until 2006. Even with this reduction, however, these are still among the highest diversion accomplishments of any big city in America.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Manage stormwater for suitable discharge into creeks, rivers and the Bay	1. % of Urban Runoff Management Plan (URMP) tasks completed by target date	100%	100%	100%	100%	100%
	2. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	60%	43%	43%*	43%	50%
B. Manage wastewater for suitable discharge into the Bay	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	<120 mgd	100 mgd	100 mgd	100 mgd	100 mgd
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%	100%
C. Develop, operate, and maintain a recycled water system that reduces effluent to the Bay	1. Millions of gallons per day diverted from flow to the Bay through recycled water during the ADWEF period	15 mgd	11.2 mgd	12.5 mgd	13.5 mgd	13.7 mgd

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Focus group conducted March 2006; results still pending.

Managing Health of the Bay

Since 1990, the City has invested considerable efforts toward protecting local streams, rivers, and the San Francisco Bay salt marsh habitat. The Treatment Plant's (Plant) average dry-weather effluent flow for 2005 was 100 mgd, well below the 120 million gallons per day trigger set by the State to protect wildlife habitat for the seventh consecutive year. The Plant continues to consistently meet permit discharge requirements.

Salt marsh habitat protection is a key element of San José's watershed protection efforts. In December 2004, the City successfully completed negotiation and execution of an alternate mitigation agreement with the Water Board, U.S. Fish and Wildlife Service, California Department of Fish and Game, and the Peninsula Open Space Trust to provide $650,000 to the Resource Agencies in lieu of the requirement to restore the Moseley Tract. This agreement represents the final step to fulfill all historical mitigation requirements placed on the Plant for endangered species impacts related to the discharge of fresh water on salt marsh habitat.

The City continues to actively participate in watershed regional planning and management efforts. As part of the Clean Estuary Partnership (CEP), a group formed in September 2001 between the Water Board, Bay Area Stormwater Agencies, and municipal dischargers to support technical efforts to produce identifiable, sustainable water quality improvements in San Francisco Bay. City staff have been integral in setting the direction of this group. The CEP provides a unique forum for Water Board staff to work closely with stakeholders to address water quality issues through the development of TMDLs (Total Maximum Daily Loads) or other water quality attainment strategies that are designed to improve the health of the watershed.

Managing Stormwater

The City's various departments continue to successfully collaborate to implement stormwater initiatives. Two recent successes include the integration of new stormwater requirements into the development review process. Environmental Services, Public Works, and Planning, Building and Code Enforcement are revising their business processes and have made developer outreach a top priority.

Environmental Services has also teamed with Parks, Recreation and Neighborhood Services, Transportation, and General Services to review City activities related to Integrated Pest Management and the prevention and removal of trash or litter. This latter effort is part of a partnership with the Water District and is aimed at addressing the impact of trash on creeks, rivers, and the Bay.

Outcome 3: *"Clean and Sustainable" Air, Land and Energy*

Green and Sustainable Building Program

The West Valley Branch Library was awarded a 2004 Governor's Environmental and Economic Leadership Award. The program recognizes individuals and organizations that have demonstrated exceptional leadership and made notable, voluntary contributions to conserving California's resources, protecting and enhancing the environment, and building public-private partnerships. Staff continues to review all existing construction projects to determine to what extent green building measures can be incorporated. Cross-training of staff within Environmental Services, Public Works, Redevelopment Agency, and Planning, Building and Code Enforcement continues. To date, eight City staff are LEED™ Accredited Professionals.

Energy Efficiency

Energy supply, reliability, and costs continue to be a concern. As part of the Sustainable Energy Policy, San José continues to pursue energy efficiency in City operations, encourage renewable and clean energy use, and promote energy efficiency in the community.

The Silicon Valley Energy Partnership (SVEP), a collaborative between the City and PG&E, is proving to be highly successful at helping Silicon Valley businesses reduce their operating and maintenance energy costs. Over 200 San José businesses will receive rebates for installing energy efficient equipment. Governments within Silicon Valley are also taking advantage of the energy audits offered by this program, and the architectural and technical professions continue to attend the energy classes and workshops coordinated by the City as part of SVEP activities.

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Promote improved air quality	1. % of City vehicles using alternative fuels or are ultra-low emission vehicles	15%	11%	11%	11%	11%
B. Utilize Green Building Design principles in all public buildings and encourage their use in private development	1. % of new and existing buildings incorporating Green Building Guidelines:					
	-Applicable Public Buildings	100%	100%	100%	100%	100%
	-Commercial Buildings	10%	10%	10%	10%	10%
	-Attached Residential	10%	10%	10%	10%	10%
C. Procure, manage and conserve clean, economical and reliable sources of energy	1. % of energy conserved in City facilities	16%	12%	16%	16%	16%
	2. # of renewable systems in City facilities	5	1	1	1	1
D. Reduce, reuse, and recycle solid waste at home, work, and play	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	90%	85%	87%	88%	88%
E. Promote environmentally responsible land use	1. % of City-owned closed landfills utilized for Tier 1 beneficial uses	0%	20%	20%	20%	0%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Outcome 4: *Safe, Reliable, and Sufficient Water Supply*

Successful Water Recycling and Conservation

The City plays an important role in ensuring future water supplies through its water conservation and water recycling programs. Both of these programs serve a dual purpose: (1) conserving potable water supplies, and (2) reducing the amount of wastewater to the San José/Santa Clara Water Pollution Control Plant. Both programs have been a major factor in keeping flows below the 120 mgd permit trigger.

The South Bay Water Recycling (SBWR) Program has continued to increase the number of customers using recycled water to over 500. SBWR provides the greatest short-term and long-term flow reduction potential. The first of three new electric power generation facilities, the Los Esteros Critical Energy Facility, was connected in 2003 and the Silver Creek pipeline was completed in early 2004. When the power plants currently under construction in San José and Santa Clara are fully operational, they will use an additional seven mgd of recycled water in the summer. The City and Santa Clara Valley Water District have undertaken a collaborative effort to prepare a long-term plan for the operation, maintenance, and future expansion of the SBWR system.

Opportunities remain to achieve water conservation from indoor water use. The City's water conservation efforts are currently only funded for indoor water conservation programs that prevent wastewater flows from the Water Pollution Control Plant from approaching the 120 mgd trigger. Because flows are currently below 100 mgd, water conservation efforts continue to be scaled back accordingly. The City will continue cost sharing on indoor water conservation programs with the Santa Clara Valley Water District and continue to offer businesses financial and technical assistance to reduce wastewater flows.

5 Year Strategic Goals	CSA Performance Measures	2007-2011 5-yr Goal	2005-2006 1-yr Target	2005-2006 Estimate	2006-2007 1-yr Target	2007-2008 2-yr Target
A. Decrease reliance on imported water	1. Mgd of water conserved and recycled	23.0	21.0	19.8	20.9	21.4
B. Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources	1. % of resident demonstrating water conservation knowledge	40%	30%	New Measure	30%	33%
	2. % of residents with water saving fixtures in their home	50%	40%	New Measure**	40%	43%
	3. % of residents who are in favor of using recycled water	90%	80%	80%***	N/A	80%
C. Meet or exceed drinking and *recycled water* quality standards	1. % of San Jose Municipal Water System *drinking water samples* meeting or surpassing State and federal water quality	100%	100%	99.9%	100%	100%
	2. *% of time recycled water meets or* surpasses State recycled water standards (Title 22)	*100%*	*100%*	*100%*	*100%*	100%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Data for this measure will come from the biennial Water Focus Survey. Measure was added after the previous survey was conducted so it was not possible to get data for 2005-2006. The next Water Focus Survey was conducted in the spring of 2006.
** New measure adopted in 2005-2006. Baseline data was collected in spring of 2006
*** Data comes from the Water Focus Survey. The next Water Focus Survey was conducted in the spring of 2006, with results available fall 2006

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **RELIABLE UTILITY INFRASTRUCTURE**			
Manage Potable Water (Environmental Services)			
• In-Source Vehicle Maintenance Activities		(2,500)	0
• GPS Mapping of Portable System Critical Infrastructure		45,000	0
• Consolidated Utility Billing System Implementation		37,600	0
Manage Recycling and Garbage Services (Environmental Services)			
• Clean and Green Downtown		700,000	0
• Material Characterization Study		300,000	0
• IWM Contract Compliance and Program Oversight	2.00	205,474	0
• Consolidated Utility Billing System Implementation		173,812	0
• New Hauler Transition		162,000	0
• Construction and Demolition Diversion Deposit Program Administration	1.00	100,028	0
• Rebudget: Public Area Recycling		185,000	0
• Clean-Up: State Department of Conservation Recycling Program Contract		(6,557)	0
Manage Urban Runoff Quality (Environmental Services)			
• Consolidated Utility Billing System Implementation		17,008	0
Manage Wastewater (Environmental Services)			
• In-Source Vehicle Maintenance Activities		(1,100)	0
• Plant Technical Document Management	3.00	304,443	0
• Pollution Prevention Program Resources	2.00	188,580	0
• Consolidated Utility Billing System Implementation		24,943	0
Sanitary Sewer Maintenance (Transportation)			
• In-Source Vehicle Maintenance Activities		(9,500)	0
Storm Sewer Management (Transportation)			
• In-Source Vehicle Maintenance Activities		(10,222)	(2,222)
• Stormwater Control Measures Operations Maintenance		75,000	0
Subtotal	**8.00**	**2,489,009**	**(2,222)**
Outcome: **HEALTHY STREAMS, RIVERS, MARSH AND BAY**			
Manage Urban Runoff Quality (Environmental Services)			
• Stormwater Program Resources	1.00	474,683	0
Manage Wastewater (Environmental Services)			
• Environmental Protection Agency Administrative Order	2.00	617,819	0
• Fats, Oils & Grease (FOG) Inspection Program	4.00	421,496	0
Storm Sewer Management (Transportation)			
• Street Sweeping Program Management		(6,320)	0
• Expanded Street Sweeping Signage	2.00	239,712	0
Subtotal	**9.00**	**1,747,390**	**0**

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY**			
Manage Recycling and Garbage Services (Environmental Services)			
• "Go Green" Program for Schools	1.00	188,187	0
Protect Natural and Energy Resources (Environmental Services)			
• In-Source Vehicle Maintenance Activities		(1,000)	(1,000)
Subtotal	**1.00**	**187,187**	**(1,000)**
Other Changes			
City-Wide Expenses (City-Wide)			
• Rebudgets: Low Income Energy Assistance		786,000	786,000
Subtotal	**0.00**	**786,000**	**786,000**
Total Core Service Changes	**18.00**	**5,209,586**	**782,778**

Service Delivery Framework

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Environmental and Utility Services CSA

Mission:

Provide environmental leadership through policy development, program design and reliable utility services.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- Reliable Utility Service
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy Resources
- *Safe, Reliable, and Sufficient Water Supply*

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Environmental Services Department

Core Services:

- Manage Potable Water
- Manage Recycled Water
- Manage Recycling and Garbage Services
- Manage Urban Runoff Quality
- Manage Wastewater
- Protect Natural and Energy Resources

Transportation Department

Core Services:

- Sanitary Sewer Maintenance
- Storm Sewer Management

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Core Service: Manage Potable Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain the City's municipal potable water system.

Key Operational Services:

- ❑ **System Operations**
- ❑ **System Maintenance**
- ❑ **Regulatory Compliance**
- ❑ **Customer Service**
- ❑ **System Expansion**
- ❑ **System Improvements**

Performance and Resource Overview

The Municipal Water System (Muni Water) continues to deliver high quality service at low cost for San José residents compared to the private water retailers in San José. Wholesale water costs have increased significantly over the last few years and are scheduled to increase again in 2006-2007. Additionally, the same inflationary factors that affect the general economy also affect Muni Water's operating costs and administrative expenses. Higher energy costs, as well as improvements to and replacement of the operational plant, have also increased the costs of providing water service.

Wholesale water costs will continue to increase significantly over the next few years as the Santa Clara Valley Water District and San Francisco Water Department systems continue their infrastructure rehabilitation and water quality improvement projects. As part of the 2006-2007 Adopted Operating Budget, a monthly rate increase averaging $1.36 for a typical residential household, or approximately 4.3% (overall), was approved, to pass through increased wholesale water costs to residents. Even with this increase, Muni Water customers will continue to enjoy the lowest retail water rates in San José.

Performance results in the Manage Potable Water Core Service continue to be high. Both the water quality and customer service requests handled within 24 hours performance measures are estimated to have closely met the targets in 2005-2006. The cost measure comparing the ratio of the average Muni Water residential bill with other San José water retailers (currently 73%) reflects Muni Water's lower rates, exceeding the target set for 2005-2006. The customer surveys for this core service are conducted every other year. The next survey is scheduled for 2005-2006 and is currently underway. Results of this survey are expected to be reported by the end of Summer 2006. The millions of gallons of water delivered per year to the Municipal Water System customers is projected to end the year at 7,100 million gallons, which is only 2% below the forecast level of 7,230 million gallons. The variance in this number reflects the lower than normal water sales in 2005-2006 due to cool, wet weather extending farther into spring than in prior years.

Core Service: Manage Potable Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Potable Water Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of water samples meeting or surpassing State and federal water quality standards	99.9%	100.0%	99.9%	100.0%
Ratio of MWS average residential water bill to average residential water bill of other San José water retailers*	75%	<100%	73%	<100%
% of customer service requests handled within 24 hours	99%	99%	97%	99%
% of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness	91%**	90%	90%**	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* San José water retailers include: San José Water Company and Great Oaks Water Company

** Data for this measure comes from the Muni Water Customer Satisfaction Survey. The next survey is scheduled for 2005-2006, with results available in Summer 2006.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Millions of gallons of water delivered per year to MWS customers	7,296	7,230	7,100	7,300
Total number of MWS customers	26,867	27,300	27,200	27,400

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Manage Potable Water Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,623,817	$ 2,886,689	$ 3,269,359	$ 3,336,959	15.6%
Non-Personal/Equipment	13,217,091	15,487,590	16,130,063	16,142,563	4.2%
Total	**$ 15,840,908**	**$ 18,374,279**	**$ 19,399,422**	**$ 19,479,522**	**6.0%**
Authorized Positions	**32.52**	**32.52**	**33.62**	**33.62**	**3.4%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. In-Source Vehicle Maintenance Activities		**(2,500)**	**0**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Environmental Services Department, Manage Potable Water Core Service is $2,500. (Ongoing savings: $2,500)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

2. GPS Mapping of Potable System ***Critical Infrastructure***		***45,000***	***0***

This addition funds an upgrade of Global Positioning System (GPS) receivers and temporary staffing to map critical infrastructure within the Potable Water system. (Ongoing costs: $0)

Performance Results:
Quality Critical infrastructure will be mapped using GPS, and each asset will be further documented with a digital photograph. Incorporating this data into the existing database will improve system maintenance by allowing field crews to locate infrastructure in a more timely fashion.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
3. Consolidated Utility Billing System Implementation		**37,600**	**0**

This addition provides temporary staffing (two Analysts, one Environmental Service Specialist, one Senior Office Specialist, and temporary unclassified hours) for the Customer and Recycle Plus call centers transition during the implementation phase (from July through October, 2006) of the Consolidated Utility Billing System. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This will enable staff to maintain satisfactory customer service levels during transition to the new billing system. The additional pool staff will assist in reducing the length of hold time and the number of abandoned calls.

2006-2007 Adopted Core Service Changes Total	**0.00**	**80,100**	**0**

Core Service: Manage Recycled Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.

Key Operational Services:

- ❑ **System Operations and Maintenance**
- ❑ **Regulatory Compliance**
- ❑ **Customer Connection Services**
- ❑ **Education and Marketing**
- ❑ **System Expansion and Development**

Performance and Resource Overview

The City's investment in South Bay Water Recycling (SBWR) and its expansion is helping the City protect endangered species habitat while providing an alternate supply of high-quality water for a variety of uses. This effort supports the City's economic development goals and the associated growth, while keeping the Water Pollution Control Plant's discharges to South San Francisco Bay within the wastewater discharge flow trigger of 120 million gallons per day (mgd) set by the Regional Water Quality Control Board.

Over 500 SBWR customers are currently using recycled water in a variety of ways including irrigation at parks, schools, golf courses, and businesses; landscape features such as ponds and fountains; water processing for manufacturing and cooling towers; and irrigation of local crops. As more customers are added to the system, the amount of water diverted from discharge into the South San Francisco Bay will continue to increase and approach the system's transmission capacity. The recent addition of a new power plant in Santa Clara and the Metcalf Energy Center have increased recycled water consumption by as much as 5 million gallons a day for the summer months.

Beginning in 2004-2005, South Bay Water Recycling (SBWR) wholesale water rates were indexed to the Santa Clara Valley Water District (SCVWD) rate for untreated water, currently $420 per acre-foot (AF). In 2006-2007 the SCVWD is proposing to increase the untreated water rate by $15 per AF. Consistent with the SBWR wholesale rate ordinance, the wholesale price of recycled water will rise dollar for dollar with the increase approved by the SCVWD.

The first performance measure, "Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period" is estimated to end the year above targeted levels in 2005-2006 due to a somewhat higher than anticipated water use from large industrial customers such as the Metcalf Energy Center. The customer surveys for this core service are conducted every other year. The next survey is scheduled for 2005-2006 and is currently underway. Results of this survey are expected to be reported by the end of Summer 2006.

Core Service: Manage Recycled Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycled Water Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period*	10.6	11.2	12.5	13.5
Millions of gallons of recycled water delivered annually	2,059	2,800	2,800	3,000
% of time recycled water quality standards are met or surpassed	100%	100%	100%	100%
% of wastewater influent recycled for beneficial purposes during the dry weather period*	10%	9%	10%	10%
Cost per million gallons of recycled water delivered	$1,315	$1,150	$1,100	$1,100
% of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness	76%**	75%	75%**	75%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Dry weather period defined as lowest 3 months continuous average between May and October, which runs through the middle of the reporting period.

** Data for this measure comes from the Recycled Water Customer Satisfaction Survey. The next survey was completed in 2005-2006, with results available in Fall 2006.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total number of South Bay Water Recycling customers	526	530	530	540

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Manage Recycled Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycled Water Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,303,359	$ 1,653,057	$ 1,672,633	$ 1,672,633	1.2%
Non-Personal/Equipment	956,002	2,250,096	2,256,621	2,256,621	0.3%
Total	**$ 2,259,361**	**$ 3,903,153**	**$ 3,929,254**	**$ 3,929,254**	**0.7%**
Authorized Positions	**16.13**	**16.13**	**15.03**	**15.03**	**(6.8%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to *Core Service performance, yet are displayed elsewhere in this budget.*

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Manage Recycling and Garbage Services

Environmental Services Department

Core Service Purpose

Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety and the environment.

Key Operational Services:

- ❑ **Develop and Administer Programs to Maximize Diversion**
- ❑ **Provide Customer Service**
- ❑ **Manage Collection, Processing, and Disposal Contracts**

Performance and Resource Overview

The City of San José achieved a State-certified diversion rate of 62% for the State's 2001-2002 Biennial Review period through administration of its residential, commercial, and civic garbage and recycling programs, which is still among the highest diversion rate of any large city in the nation. Due to the City's comprehensive diversion and outreach programs, the overall landfill diversion rate increased from 11% in 1990 to 62% in 2002, compared to the State's mandate of 50%. San José's extensive incentive-based programs make it easier to "Recycle Where You Live, Work and Play". Customer outreach to neighborhoods and businesses, and a high level of customer satisfaction, also contribute to the overall success of these well-designed programs.

The City's preliminary diversion rate for 2003 is 59% and is 62% for 2004. Both rates have been submitted to the California Integrated Waste Management Board (CIWMB) for approval. These rates will not be approved until the Board concludes the 2003-2004 Biennial Review, now estimated to be in late 2006. While the 2003 diversion rate has decreased by three percentage points from 2001-2002, the City's successful implementation of its Construction and Demolition Debris Deposit (CDDD) recycling program in 2001 partially offset the decrease. The slight increase from 2003 to 2004 is due, in part, to a minor change in the State's methodology used to calculate diversion rates. In order to maintain the diversion rate above the state's 50% mandate, additional opportunities for diversion will continue to be explored. One opportunity is the commercial sector, which generates approximately 75% of all San José waste and therefore represents the greatest potential for diversion. As part of the Commercial system update scheduled for July 2006, the Environmental Services Department will present Council with proposed changes to the program. One of the goals of these changes is to enhance recycling services to members of the business community who are currently underserved and to increase the potential for more diversion.

The Integrated Waste Management (IWM) Fund supports residential, commercial, and civic solid waste activities, including various contracts for collection, processing, and disposal. In order to ensure adequate funding for these activities, a revision of the Multi-Year Rate Strategy previously presented to the City Council as part of the 2004-2005 budget process may need to be considered after next year. In particular, sharp increases in fuel costs, coupled with increased labor costs and

Performance and Resource Overview (Cont'd.)

rising landfill disposal costs, will likely necessitate higher than previously anticipated rate increases in order to maintain cost recovery and adequate reserve levels. For 2006-2007, the second year of a conceptually approved three year series of rate increases, the previously approved increase of 5% for single-family dwellings and 3% for multi-family dwellings was approved. A major reconsideration in the current Five-Year Rate Strategy however will be necessary once the results of the Recycle Plus Request for Proposals process now in progress and the budgetary impacts of the resulting new contract(s) in 2007-2008 are known. In May 2005, Proposition 218 Public Notices were mailed to single-family (SFD) and multi-family (MFD) residential property owners advising them of potential rate increases of up to 5% in 2005-2006. Additionally, owners were advised of potential SFD and MFD rate increases of up to 5% in 2006-2007 and 2007-2008. It is possible that re-noticing for 2007-2008 will be necessary if, after the RFP process is completed, it is determined that a rate increase greater than 5% is required to maintain cost recovery and adequate reserve levels.

A variety of additions were approved as part of the 2006-2007 budget process to enhance program efficiencies and service levels in this core service. Funding additions include: staffing support and outreach materials for the Recycle Plus program during transition to a new service provider on July 1, 2007; consultant services to determine the composition of material collected in the Recycle Plus program; and staffing support during implementation and stabilization of the Consolidated Utility Billing System.

Additional actions in this core service included an increase in the Commercial Solid Waste (CSW) AB939 fee of $0.39 per cubic yard, bringing the total CSW AB939 fee to $0.89, to fund several additions and bring the Commercial and Civic programs toward cost recovery. These additions include: consultant services to begin work organizing the redesign of the commercial solid waste franchise system, including the consolidation of downtown garbage/recycling services and cleaning services provided by other City departments and agencies into an exclusive downtown district (Clean and Green Downtown); the addition of a position to promote and maintain the Go Green Initiative in San José schools; the addition of a position for the Construction and Demolition Diversion Deposit (CDDD) Program Administration; and the addition of two positions for contract compliance and program oversight in the Integrated Waste Management Division.

The Commercial Franchise System is currently being evaluated to identify opportunities for increased effectiveness and efficiency available under a restructured commercial hauling system. One of the goals of the system modification is to enhance cleanliness in the downtown area through a new "Clean and Green" Downtown program. This program would not be implemented until 2009-2010. In order to address the problem immediately however, $500,000 was added to support downtown cleaning activities on an interim basis until the "Clean and Green" Downtown Program is implemented. It will be funded by an increase in the Commercial Solid Waste Franchise Fee of $0.18 per cubic yard, bringing the total Franchise Fee rate to $3.67 per cubic yard.

Performance data for several performance measures is not currently available awaiting implementation of the Consolidated Utility Billing System. The new system will provide the technological foundation for more efficient customer service and associated finance operations and

Performance and Resource Overview (Cont'd.)

integration of call centers. Once this system is implemented, data will be available to complete two future performance measures: "% of residential pickups completed as scheduled" and "% of service requests on time per contract requirements".

Manage Recycling and Garbage Services Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of solid waste diverted from landfill State Mandate: 50%	N/A*	59%	62%*	62%
% of residential pickups completed as scheduled	N/A**	100%	100%	100%
City's annual per household cost to provide recycling and garbage collection, processing, and disposal (per residential household)	$204	$215	$215	$224
% of service requests on time per contract requirements	N/A**	100%	100%	100%
% of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption				
- Single-Family Dwelling	90%	85%	90%	85%
- Multi-Family Dwelling	79%	75%	79%	75%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Certification by the State will not be available until late 2006.
** Data not available for 2004-2005. Data will be available when a work order system is implemented.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Total tons of residential solid waste diverted from landfills	265,214	252,000	265,000	265,000
Total tons of residential solid waste landfilled	245,430	257,000	255,000	260,000
Total number of residential households served	294,599	298,000	296,000	297,500

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,668,008	$ 4,239,418	$ 4,603,029	$ 5,206,230	22.8%
Non-Personal/Equipment	58,487,196	59,313,568	62,341,665	63,746,408	7.5%
Total	**$ 62,155,204**	**$ 63,552,986**	**$ 66,944,694**	**$ 68,952,638**	**8.5%**
Authorized Positions	***47.46***	***47.46***	***47.46***	***51.46***	***8.4%***

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Clean and Green Downtown		**700,000**	**500,000**

This addition funds downtown cleaning activities ($500,000) on an interim basis for six additional days of cleaning per month. This action also provides funding for a consultant contract ($200,000) to begin work organizing the consolidation of downtown garbage/recycling services provided by other City departments and agencies into an exclusive "downtown district." The source of funding for this augmentation will come from an increase in the Franchise Fee portion of the Commercial Solid Waste (CSW) fee by $0.18, from $3.49 to $3.67 per cubic yard. (Ongoing costs: $500,000)

Performance Results:
Quality, Customer Satisfaction Cleaning activities in the downtown area will be enhanced to achieve a cleaner downtown. This action will raise the level of customer satisfaction as downtown cleaning is improved.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Material Characterization Study		**300,000**	**0**

This action funds a consultant contract to determine the sources and composition of material collected in the Recycle Plus program. The study will determine the cause of the high residual rates reported by the California Waste Solutions material recovery facility. Results of the study will assist in developing additional strategies to reduce the residue levels of recycling material. (Ongoing costs: $0)

Performance Results:
Quality Data will assist in developing strategies to reduce the residue levels of recycling material.

3. Integrated Waste Management Contract Compliance and Oversight	**2.00**	**205,474**	**0**

This action provides additional funding for two Assistant/Associate Environmental Services Specialists and associated non-personal/equipment expenses to improve service delivery by increasing the number of audit/inspections to 162 from 25 (648% increase) and improve contractor financial compliance in all IWM programs. (Ongoing costs: $221,453)

Performance Results:
Quality The level at which staff will be able to perform field work and oversight required to ensure that IWM contractors and their customers comply with contract performance and Municipal Code requirements will be improved.

4. Consolidated Utility Billing System Implementation		**173,812**	**0**

This action provides temporary staffing (two Analysts, one Environmental Service Specialist, one Senior Office Specialist, and temporary unclassified hours) for the Customer and Recycle Plus call centers transition during the implementation phase (from July through October, 2006) of the Consolidated Utility Billing System. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This will enable staff to maintain satisfactory customer service levels during transition to the new billing system. The additional pool staff will assist in reducing the length of hold time and the number of abandoned calls.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	*Positions*	*All Funds ($)*	*General Fund ($)*
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
5. New Hauler Transition		**162,000**	**0**

This action provides staffing support and outreach materials to the Recycle Plus program as garbage, recycling, yard trimmings, and residential street sweeping services are transitioned to a new service provider(s) on July 1, 2007. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction Outreach and program staffing will be enhanced to provide information, customer service, and route monitoring to achieve a seamless transition to a new service provider(s) with a minimum of confusion and disruption of service for the residents.

6. Construction and Demolition Diversion Deposit Program Administration	**1.00**	**100,028**	**0**

This action provides funding for an Environmental Services Specialist position for the Construction and Demolition Diversion Deposit Program (CDDD) oversight, and related non-personal/equipment. The action will also establish a Reserve for CDDD for revenues received from deposits that are ineligible for refund or from abandoned deposits. (Ongoing costs: $123,150)

Performance Results:
Cycle Time Cycle time to process requests for refunds will be reduced to 6-8 weeks from the current 12 weeks.

"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY			
7. "Go Green" Program for Schools	**1.00**	**188,187**	**0**

This action funds the addition of one Associate Environmental Service Specialist and associated non-personal/equipment expenses to promote and maintain the Go Green Initiative in San José schools. The Go Green Initiative promotes schools' environmental stewardship through recycling, composting, environmental education, environmentally preferred procurement, and evaluation of impacts of environmentally responsible behaviors. The added funding will increase school diversion of recyclable waste to help meet state-mandated diversion goals. The cost will be funded by an increase of $0.07/cublic yard in Commercial AB939 fees. (Ongoing costs: $193,584)

Performance Results:
Quality, Customer Satisfaction This augmentation will increase the number of schools to which the Environmental Services Department can provide technical assistance to promote the Go Green Initiative and will enhance State mandated diversion goals by additional school diversion.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
8. Rebudget – Public Area Recycling Program		**185,000**	**0**
This rebudget of unexpended 2005-2006 funds will allow for the support of the Public Area Recycling Program with dedicated State and County funding. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
9. Clean-Up – State Department of Conservation Recycling Program Contract		**(6,557)**	**0**
A technical adjustment to reduce funding for contractual services with the State Department of Conservation for recycling programs was approved. This corrects an error in the 2006-2007 base budget for this contract. (Ongoing costs: $0)			
Performance Results: N/A (Final Budget Modification)			
2006-2007 Adopted Core Service Changes Total	**4.00**	**2,007,944**	**500,000**

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Core Service Purpose

Promote the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways.

Key Operational Services:

- ❑ **Illegal Discharge Response Program (ICID)**
- ❑ **Industrial Inspection Program (IND)**
- ❑ **Water Quality Monitoring Program**
- ❑ **Inter-Departmental Technical Support**
- ❑ **Inter-Agency Collaboration**
- ❑ **Education and Outreach**

Performance and Resource Overview

Much of this core service's current activities are governed by the City's National Pollutant Discharge Elimination System (NPDES) permit for separate municipal storm sewer systems. Extensive efforts are underway in several other City departments, including Public Works, Transportation, General Services, and Planning, Building and Code Enforcement, which also contribute to the City's success in managing urban runoff quality.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements ("C.3" provisions) for new development and redevelopment were added in October 2001. Performance results in the Manage Urban Runoff Quality Core Service are positive but require additional resources to maintain performance levels due to these new requirements. Most recently, activity in response to the permit's C.3 requirements has ramped up as implementation deadlines approach in 2006. This has required additional staffing and non-personal/equipment resources to support new development project review, technical support, and coordination with local and regional agencies on the development of best management practices and implementation guidelines and tools. Along with the Departments of Public Works and Planning, Building and Code Enforcement, Environmental Services is working to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required in the permit.

Protecting the City's compliance record is particularly important at this time, as the City prepares to implement a new stormwater permit. The CSA is currently negotiating the NPDES permit with the Regional Water Quality Control Board and the new permit is expected to be a bay-area municipal regional permit that will become effective in 2006-2007. Additional compliance costs are expected as with implementation of the forthcoming permit and more stringent stormwater requirements. Several emerging issues will affect the provisions, including pressure from the environmental

Performance and Resource Overview (Cont'd.)

community for numerical water quality limits on stormwater discharges and specific load restrictions for particular pollutants such as mercury, pesticides, and trash. Additional resources were approved in this budget to begin proactive measures in these areas.

As previously discussed, 2006-2007 will be the second year of a three-year rate strategy in which an increase in the Storm Sewer fee of 4.5% was approved. This increase raises the annual single-family residential rate for the Storm Sewer fee by $2.16, from $47.88 to $50.04. This funding will enable the City to meet the performance standards set by the permit, to maintain the storm sewer infrastructure, to support the health of the South Bay Watershed, and to fund storm pump station rehabilitation and replacement, including outfall rehabilitation in the Storm Sewer System Capital Improvement Program.

Manage Urban Runoff Quality Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
Cost per residential unit	$45.84	$47.88	$47.88	$50.04
% of Urban Runoff Management Plan tasks completed by target date*	98%	100%	100%	100%
% of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system	43%	43%**	43%	50%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Compliance plan for NPDES Stormwater permit
** Survey conducted Fall 2003. Next survey is scheduled for 2006-2007.

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Stormwater NPDES permit work plan tasks completed by target date	253	200	229	230

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Urban Runoff Quality Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,383,839	$ 2,481,606	$ 2,692,307	$ 2,783,998	12.2%
Non-Personal/Equipment	1,995,849	2,535,856	2,624,280	3,024,280	19.3%
Total	***$ 4,379,688***	***$ 5,017,462***	***$ 5,316,587***	***$ 5,808,278***	***15.8%***
Authorized Positions	**24.21**	**24.21**	**24.43**	**25.43**	**5.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. Consolidated Utility Billing System Implementation		**17,008**	**0**

This action provides temporary staffing (two Analysts, one Environmental Services Specialist, one Senior Office Specialist, and temporary unclassified hours) for the Customer and Recycle Plus call centers transition during the implementation phase (from July through October, 2006) of the Consolidated Utility Billing System. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This will enable staff to maintain satisfactory customer service levels during transition to the new billing system. The additional pool staff will assist in reducing the length of hold time and the number of abandoned calls.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
2. Stormwater Program Resources	**1.00**	**474,683**	**0**

This action funds one additional Assistant Environmental Services Specialist and related non-personal/equipment to address the increased demands of implementing stormwater permit requirements related to control programs for specific pollutants and the anticipated demands of the impending National Pollutant Discharge Elimination System (NPDES) regional stormwater permit renewal. One-time funding of $200,000 in consultant services was also approved to be allocated to support the installation of devices to capture and prevent trash from entering the storm sewer system and implementation of a program to test integrated pest management practices in the City. In addition, this augmentation provides $150,000 for spatial mapping of storm drain inlets and outlets in coordination with the Public Works Department. (Ongoing costs: $146,781)

Performance Results:
Quality Ensures that the City maintains performance levels in implementing Urban Runoff Management Plan activities in compliance with the NPDES permit and improves the quality of stormwater runoff based on new C.3 requirements. ***Cost*** Increased cost per resident due to additional resources required to meet permit requirements.

2006-2007 Adopted Core Service Changes Total	**1.00**	**491,691**	**0**

Core Service: Manage Wastewater

Environmental Services Department

Core Service Purpose

Manage wastewater for suitable discharge into the South San Francisco Bay and for beneficial reuse to protect the environment and public health.

Key Operational Services:

- ❑ **Source Management and Control**
- ❑ **Operation of Treatment System and Processes**
- ❑ **Maintain Equipment and Facilities**
- ❑ **Regulatory Compliance**
- ❑ **Regulatory Development and Technical Guidance**
- ❑ **Process Control Monitoring**
- ❑ **System Improvements**

Performance and Resource Overview

For the past several years, the key performance issue for this core service has been to continue to meet the Regional Water Quality Control Board's permit requirements and flow trigger of 120 million gallons per day (mgd). If average discharges from the Water Pollution Control Plant exceed this level during the May through October dry weather season, the Board could order a number of more stringent measures, such as a building moratorium, that could threaten the area's long-term economic growth.

Due to successful conservation programs, the growth of the recycled-water market, and the effect of the economy in reducing the influent to below the effluent trigger, this performance measure is expected to be met without extraordinary efforts for the next several years.

To continue to meet discharge requirements and related inspection requirements as required by the EPA, Water Board, and the Water Pollution Control Plants' NPDES permit, eight new positions were approved. These positions will ensure implementation of new food-related facility inspections required by the Sanitary Sewer Master Plan, new control efforts to address specific pollutants such as mercury and pharmaceuticals, and surveillance monitoring and inspections to ensure proper pretreatment of wastewater by the industrial sector.

In this core service, the Department is projected to meet or exceed its performance measurement targets in 2005-2006. The performance measure "Million gallons per day discharged to the Bay during average dry weather season" is well below targeted levels due to both increased recycled water consumption and the long-term downturn in the economy. For 2005-2006, however, marks the first year in which dry-weather influent and annual effluent were higher than the previous year. This is likely an indicator that the economy is beginning to turn around and will reverse the recent declining trend over the past several years placing a greater emphasis on the expansion of the recycled-water consumer base. This increase is minimal enough that projections for 2006-2007

Performance and Resource Overview (Cont'd.)

indicate that the water discharged to the Bay will remain well below the 120 mgd flow trigger.

The performance measure of more concern currently is the "Cost per million gallons treated". Although the significant decline in influent over the past several years is a significant driver of the rising cost-per-gallon-treated, the increasing maintenance costs associated with the aging infrastructure at the treatment plant is a growing factor.

In response to this trend, there are several capital maintenance projects funded within the 2007-2011 Capital Improvement Program (CIP) that will address specific components of the Plant and reduce some operations and maintenance costs in the future. Three new positions were approved for example, to manage and oversee the technical document management program and daily operations of the planned computerized maintenance management software system. The maintenance costs associated with repairing obsolete equipment through overtime, parts, and supplies, will however, continue to increase if capital maintenance projects are deferred. Only through a more aggressive and comprehensive CIP can this performance measure be contained to reasonable annual increases in future years.

Manage Wastewater Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	97.5	100	100	105
% of time pollutant discharge requirements are met or surpassed	100%	100%	100%	100%
% of suspended solids removed	99%	99%	99%	99%
% of scheduled industrial inspections completed on time	90%	90%	90%	90%
Cost per million gallons treated	$776	$820	$820	$885
% of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pre-treatment services	95%**	90%	90%	90%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* Average dry weather season is defined as the lowest three month continuous average between May and October.
** Survey conducted March 2004. Next survey conducted for 2005-2006, with results available in Fall 2006.

Core Service: Manage Wastewater

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Average millions of gallons per day treated	117	115	118	119
Total population in service area	1,337,500	1,333,600	1,339,600	1,346,966
Total pounds of suspended solids removed (in millions)	104	104	104	105

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Manage Wastewater Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 23,296,381	$ 25,210,287	$ 26,837,884	$ 27,742,837	10.0%
Non-Personal/Equipment	24,380,419	24,720,973	24,817,165	25,468,393	3.0%
Total	**$ 47,676,800**	**$ 49,931,260**	**$ 51,655,049**	**$ 53,211,230**	**6.6%**
Authorized Positions	**261.72**	**261.72**	**260.50**	**271.50**	**3.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. In-Source Vehicle Maintenance Activities		**(1,100)**	**(0)**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Environmental Services Department, Manage Wastewater Core Service is $1,100. (Ongoing savings: $1,100)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

2. Plant Technical Document Management	**3.00**	**304,443**	**0**

This action funds the addition of one Electrical Engineer, one Senior Engineering Technician, and one Associate Engineer to establish, manage, and oversee the full implementation of the San José/Santa Clara Water Pollution Control Technical Document Management program and also to support data-entry conversion and daily operations of the planned Computerized Maintenance Management Software System. (Ongoing costs: $337,652)

Performance Results:
Cost Reduces labor hour costs per work order by efficiently and effectively addressing current and future capital maintenance, rehabilitation, and improvement projects.

3. Pollution Prevention Program Resources	**2.00**	**188,580**	**0**

This action funds the addition of one Senior Supervising Environmental Services Specialist and one Environmental Services Specialist to develop new and expanded pollution prevention programs for the residential, commercial, and industrial sectors as required by the NPDES permit for the Treatment Plant. (Ongoing costs: $193,688)

Performance Results:
Quality Ensures that the City is in compliance with the NPDES permit and improves the quality of runoff based on new C.3 requirements.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
4. *Consolidated Utility Billing System Implementation*		**24,943**	**0**

This action provides temporary staffing (two Analyst, one Environmental Services Specialist, one Senior Office Specialist, and temporary unclassified hours) for the Customer and Recycle Plus call centers transition during the implementation phase (from July through October, 2006) of the Consolidated Utility Billing System. (Ongoing costs: $0)

Performance Results:
Quality, Customer Satisfaction This will enable staff to maintain satisfactory customer service levels during transition to the new billing system. The additional pool staff will assist in reducing the length of hold time and the number of abandoned calls.

HEALTHY STREAMS, RIVERS, MARSH, AND BAY			
5. Environmental Protection Agency Administrative Order	**2.00**	**617,819**	**0**

This action funds the addition of one Senior Environmental Services Inspector, one Assistant Environmental Inspector, and a consultant agreement for technical support in the pretreatment and the pollution prevention programs. In addition, funding was approved for consultant services to develop and deliver training modules for the Source Control Staff and to expand the surveillance and trunkline monitoring programs as part of the Environmental Protection Agency (EPA) Administrative Order #CWA-307-9-05-36 requirements. These contracts will ensure that the City is in compliance with the critical elements of the EPA Administrative Order. (Ongoing costs: $217,230)

Performance Results:
Quality Ensures that the City maintains performance levels in pollution prevention programs while addressing requirements of the EPA Administrative Order.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH, AND BAY (CONT'D.)			
6. Fats, Oils, and Grease (FOG) Inspection Program	**4.00**	**421,496**	**0**

This action funds two additional Environmental Inspectors and two Assistant Environmental Inspectors to implement a Fats, Oils, and Grease (FOG) control program. The development of a Sanitary Sewer Management Plan (SSMP) is a Water Board requirement for the City. Part of the SSMP requirement is to implement a FOG control program, which will require detailed inspections of over 3,000 food-related facilities in the City of San José, including inspection of the grease removal devices and review of maintenance and clean-up records. Inspection frequencies will range between one and three years depending on the compliance history for a facility, with an estimated annual workload of 1,500 restaurant facilities per year. (Ongoing costs: $414,896)

Performance Results:
Quality Ensures that the City maintains compliance with the NPDES permit. Ensures that various food establishments do not have illegal connections to the sanitary sewer system and that grease traps are performing correctly.

2006-2007 Adopted Core Service Changes Total	**11.00**	**1,556,181**	**0**

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Core Service Purpose

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources.

Key Operational Services:

- ❑ **Manage Green Building Program**
- ❑ **Implement Sustainable Energy Practices**
- ❑ **Promote Improved Air Quality**
- ❑ **Development Review and Land Use Policy Implementation**
- ❑ **Protect and Monitor Groundwater Quality**
- ❑ **NPDES Permits Development**
- ❑ **Habitat Protection**
- ❑ **Water Conservation**

Performance and Resource Overview

This core service focuses on the City's contributions to protecting and conserving air, land, water, and energy. In its other five core services, the Environmental Services Department accomplishes its mission and practices environmental leadership through the services it provides. In this core service, other than water conservation activities, direct services are more limited and the focus is on practicing leadership through education, influence, and coordination.

Sustainable (Green) Building

The City's West Valley Branch Library, a Leadership in Energy and Environmental Design (LEED™) certified facility, was awarded the 2005 Building Owners and Managers Association Green Building Award. The program honors and recognizes the operations and building management teams for the achievements that preserve and enhance the internal and external environment through an all around "green" program. Staff continues to review existing construction projects to determine to what extent green building measures can be incorporated. Cross-training of staff within Environmental Services, Public Works, Redevelopment Agency, and Planning, Building and Code Enforcement continues. To date, eight City staff are LEED™ Accredited Professionals.

The two energy performance measures relating to conservation and the incorporation of Green Building Guidelines in new City facilities are estimated to meet or exceed targeted levels.

Energy Efficiency

Energy supply, reliability, and costs continue to be a concern. As part of the Sustainable Energy Policy, San José continues to pursue energy efficiency in City operations, encourages renewable and clean energy use, and promotes energy efficiency in the community.

Performance and Resource Overview (Cont'd.)

Energy Efficiency (Cont'd.)

The Silicon Valley Energy Partnership (SVEP), a collaborative between the City and PG&E, proved to be highly successful at helping Silicon Valley businesses reduce their operating and maintenance energy costs during 2004-2006. Over 600 San José businesses received rebates for installing energy efficient equipment. For the 2006-2008 period, San José will be working to provide continued education and training to various stakeholders (businesses, architects, builders, code officials, and homeowners) on energy efficiency opportunities.

Water Conservation

The Water Efficiency Program (WEP) is maintaining modest flow reduction efforts; flows to the Water Pollution Control Plant remain appreciably below the trigger of 120 mgd, and the revised, smaller program size continues to be appropriate.

In 2006-2007, WEP staff will continue to lead and support Environmental Service's Business Environmental Support Team (BEST). BEST serves the business sector through collaborative efforts bringing information, assistance, and incentives that support San José businesses in becoming more resource-efficient while improving our environment. In addition to Water Efficient Technology (WET) rebates, BEST now also offers Integrated Assessments. Integrated Assessments provide useful information regarding energy efficiency, pollution prevention, waste reduction and recycling, as well as water conservation. BEST collaborates with the County Green Business Program and the Santa Clara Valley Water Agency's Water Efficiency Program in order to provide San José businesses with more comprehensive input regarding environmental management practices that benefit businesses and the environment.

The cost sharing with the Santa Clara Valley Water District (SCVWD) on its indoor water conservation programs continues to leverage funds, achieving increased water conservation with fewer dollars.

WEP also continues to serve the residential sector through administration of the Neighborhood Preservation Water Conservation Program. Funded by the SCVWD through the cost sharing agreement, financial assistance is provided to low-income San José residents identified under the City's Neighborhood Preservation Ordinance which upgrade their landscapes using water conserving landscape materials and plants. WEP also provides water conservation information to residents as well as high efficiency toilet and washer rebates through a cost sharing agreement with SCVWD.

The performance measure "% of annual goal achieved for gallons of water conserved tributary area-wide" and the Activity and Workload Highlight "Millions of gallons per day conserved (tributary area-wide)" are estimated to end the year below target due to a four month delay in approving the Cost Sharing Agreement with the SCVWD, coupled with the unexpected delay in cost sharing on High Efficiency Toilet retrofits for the Commercial, Industrial, and Institutional sectors.

Performance and Resource Overview (Cont'd.)

Land Use

The performance measures related to "Tier 1 beneficial uses" and "Tier 2 beneficial uses" will end the year on target. Tier 1 reuse is intended to take advantage of the underutilized closed landfills by primarily allowing other City projects to "manage" excess soil at the closed landfills. Tier 2 reuse involves redevelopment of closed landfills, which are deemed more beneficial than Tier 1 reuse for long-term benefit to the community. Of the closed landfills, only the "9Par" site is currently being utilized for Tier 1 purposes. The remaining landfills are either at capacity or are being considered for redevelopment. The remaining performance measure for land, "% of Notice of Violations resolved to the satisfaction of the regional body" has not issued any notices in 2005-2006.

Protect Natural and Energy Resources Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
(Energy) % of energy conserved in City facilities	15%	12%	16%	16%
(Energy) % of new City facilities incorporating the Green Building Guidelines implementation goal as adopted by Council (LEED certification)	100%	100%	100%	100%
(Air) % of City vehicles using alternative fuels or Ultra-Low Emission Vehicles	11%	11%	11%	11%
(Water) % of annual goal for gallons of water conserved tributary area-wide	108%	100%	50%	100%
(Land) % of Notice of Violations resolved to the satisfaction of the regional body	100%	100%	N/A*	100%
(Land) % of City-owned closed landfills utilized for Tier 1 beneficial uses	20%	20%	20%	20%
(Land) % of City-owned closed landfills utilized for Tier 2 beneficial uses	60%	60%	60%	60%
(Water) Net cost per million gallons per day of water conserved through City programs**	$1.4 million	$2.0 million	$2.0 million	$2.0 million
(Water) % of residents demonstrating water conservation knowledge	N/A	30%	N/A***	30%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

* No notices have been issued in 2005-2006.
** Cost after Santa Clara Valley Water District cost-sharing.
*** Data for this measure will come from the biennial Water Focus Survey. Measure was added after the previous survey was conducted so it was not possible to get data for 2004-2005. The next Water Focus Survey was conducted in the spring of 2006 and results should be available by late 2006.

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Millions of gallons per day conserved (tributary area-wide)	0.189	0.175	0.088	0.150
Cumulative millions of gallons per day conserved since July 1992 (tributary area-wide)	7.195	7.350	7.283	7.432

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Protect Natural and Energy Resources Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 723,980	$ 917,162	$ 804,286	$ 804,286	(12.3%)
Non-Personal/Equipment	543,094	2,059,235	1,888,664	1,887,664	(8.3%)
Total	**$ 1,267,074**	**$ 2,976,397**	**$ 2,692,950**	**$ 2,691,950**	**(9.6%)**
Authorized Positions	**6.46**	**6.46**	**6.46**	**6.46**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY			
1. In-Source Vehicle Maintenance Activities		**(1,000)**	**(1,000)**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Environmental Services Department, Protect Natural and Energy Resources Core Service is $1,000. (Ongoing savings: $1,000)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

2006-2007 Adopted Core Service Changes Total	**0.00**	**(1,000)**	**(1,000)**

Core Service: Sanitary Sewer Maintenance
Transportation Department

Core Service Purpose

To provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant.

Key Operational Service:

- **Maintain Sanitary Sewer System**

Performance and Resource Overview

The Sanitary Sewer Maintenance Core Service's primary goal is to ensure proper sanitary sewage flow while minimizing blockages and other system malfunctions that may have significant health or property damage impacts. The core service includes all maintenance and operational activities necessary to sustain the 2,195-mile collection system. This core service contributes primarily to the Environmental and Utility Services CSA Outcome: *Reliable Utility Infrastructure.*

Sanitary Sewer Maintenance has consistently performed well over the years. The percentage of sewer line segments that do not become obstructed each year remains high, with 98% estimated to have remained clear in 2005-2006. The Department's ability to respond to system obstructions within four hours was estimated to be at a high rate of 87% in 2005-2006.

The estimated number of sanitary sewer main line blockages cleared for 2005-2006 was 900. Staff continues to identify areas of historical blockage problems to provide timely proactive sewer line cleaning. Approximately 500 miles of sewer lines are cleaned annually. Also, to assist in reducing the number of blockages and backups, staff is proactively working with the community to educate and inform them of self-prevention methods.

In 2005-2006, an estimated 45% of all in-house repairs, which include sanitary sewer main spot repairs, lateral repairs, and cleanout installations, was completed within established time guidelines. This is below the targeted 70% due to the continued hiring freeze and a significant backlog of class B repairs. Class B repairs, such as those that address sags in the line or cracks along the top that allow for rain water infiltration, are considered necessary repairs but are not urgent because the sewer line or lateral still has full capacity. Staff believes the backlog can be reduced in 2006-2007 if vacancies are filled, allowing 50% of repairs to be completed within guidelines.

The sanitary sewer maintenance program receives very high customer service ratings. It was estimated that 97% percent of customers will rate sewer maintenance services good or better in 2005-2006 and customer satisfaction is anticipated to remain at or above 95% in 2006-2007.

Core Service: Sanitary Sewer Maintenance
Transportation Department

Performance and Resource Overview (Cont'd.)

The sanitary sewer maintenance staff constantly assesses system performance through video inspection. Engineering staff investigates chronic blockages and unacceptable sewer odors. Mitigation measures to improve sewage flow include chemical injection, ongoing preventive cleaning, and corrective repairs. Fourteen pump stations, two soil-bed bio-filters, and one chemical injection station are also used to improve the flow of sewage within the sanitary sewer system. Sewer odors are handled swiftly, and corrective measures include: cleaning the sewer pipes, sealing off the emission holes (forcing foul air to flow through bio-filters for treatment), and using ferrous chloride to reduce odor-causing sulfides. Caustic soda is also used during the hot summer months to prevent odors. System deficiencies are constantly monitored and addressed when necessary. Major repairs or rehabilitation are referred to the capital program managed by the Public Works Department, an Environmental and Utility Services CSA partner. In recognition of the City Council's attention to neighborhood services, additional emphasis is being given to the study, design, and implementation of neighborhood sanitary sewer rehabilitation projects over the next five years to improve the reliability of the system.

In 2006-2007, staff will continue working in conjunction with the California Regional Water Quality Control Board to develop a comprehensive Sewer System Management Plan. The management plan will take advantage of regionally developed best practices, streamline reporting processes, and update policy and procedures for maintenance and operations, inspection, and capital improvements to improve the City's overall performance. This effort should result in fewer blockages and sanitary sewer overflows.

Sanitary Sewer Maintenance Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of sewer line segments without obstruction	98%	97%	98%	97%
Sanitary Sewer cost to budget ratio	1.00	1.00	1.00	1.00
% of blockages cleared within 4 hours of notification	89%	90%	87%	90%
% of in-house repairs completed within established time guidelines: (Class A – 20 days: usage available, but less than full capacity Class B – 35 days; usage available, and at full capacity)	44%	70%	45%	50%
% of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	99%	95%	97%	95%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Core Service: Sanitary Sewer Maintenance
Transportation Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Miles/number of sewer line segments	2,190/47,415	2,200/48,000	2,195/47,735	2,200/48,000
Miles of sanitary sewer lines cleaned	487	500	500	500
Number of sanitary sewer main line stoppages cleared	779	1,000	900	1,000
Miles of sanitary sewer lines inspected by video	37	35	43	40

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Sanitary Sewer Maintenance Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,816,988	$ 7,249,107	$ 7,734,588	$ 7,734,588	6.7%
Non-Personal/Equipment	2,072,058	2,298,189	2,401,189	2,391,689	4.1%
Total	**$ 8,889,046**	**$ 9,547,296**	**$ 10,135,777**	**$ 10,126,277**	**6.1%**
Authorized Positions	**89.85**	**89.85**	**89.85**	**89.85**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Sanitary Sewer Maintenance
Transportation Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. In-Source Vehicle Maintenance Activities		**(9,500)**	**0**
This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two vacant Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Transportation Department, Sanitary Sewer Maintenance Core Service is $9,500. (Ongoing savings: $9,500)			
2006-2007 Adopted Core Service Changes Total	**0.00**	**(9,500)**	**0**

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

Core Service: Storm Sewer Management

Transportation Department

Core Service Purpose

To maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay.

Key Operational Services:

- **Maintain Storm Sewer System**
- **Provide Street Sanitation**
- **Manage Stormwater Pollution Control**

Performance and Resource Overview

Storm Sewer Management includes preventive cleaning of the storm sewer system at chronic problem points, as well as timely responses to storm emergency needs. Inspection, cleaning, and repair of storm sewer inlets, outfalls, pump stations, and retention basins help to prepare for each storm season and are necessary to meet non-point source pollution control objectives. This core service contributes primarily to the Environmental and Utility Services CSA Outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh and Bay.*

Storm Sewer System

As a result of the Department of Transportation's proactive annual storm inlet cleaning program, all 28,500 storm inlets city-wide were cleaned of debris between September 2005 and January 2006. In addition, a second round of cleaning was performed in the Alviso community which is more prone to flooding. In 2005-2006, it was estimated that the City experienced 1,500 plugged storm inlets and 65% of those blockages were cleared within 24 hours, five percentage points below the target due to a heavy and lengthy rainy season. In addition to cleaning the storm inlets, the Storm Sewer Management Program maintains and operates 25 storm water pump stations, many of which are aging and in need of rehabilitation. A comprehensive rehabilitation and upgrade program has been developed and $500,000 is included in the Storm Sewer Capital Fund for storm pump station replacements and rehabilitation in 2006-2007. This is the third year of a multi-year program to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of flooding. Other capital projects, such as Outfall Rehabilitation and Storm Drainage Improvements in Special Corridors, will be focused on the resolution of localized drainage problems, such as water ponding and damaged or inadequate curbs and gutters, primarily in residential neighborhoods.

Performance and Resource Overview (Cont'd.)

Street Sanitation

The City of San José provides street sweeping services through contractual and city crews to the City's 4,072 curb miles of residential streets, major streets, and bikeways, and in the central and neighborhood business districts. The Environmental and Utility Services CSA, through the work of the Environmental Services Department and the Department of Transportation, combines efforts to manage, implement, and inspect the Street Sweeping program.

In the 2003 Recycle Plus Tracking survey, 76% of residents responded that they were satisfied with street sweeping services. In order to generate cost savings and assist in minimizing rate increases, the frequency of residential street sweeping was reduced from twice per month to once per month beginning in January 2004. In order to improve street sweeping effectiveness and mitigate the effect of reduced sweeping frequency, staff performed a field study to identify obstacles to effective sweeping. Study results indicated that 50% of the streets were effectively swept, 35% of the streets were moderately successful in being swept, and 15% of the streets were ineffectively swept. The study identified the presence of parked vehicles as the primary obstacle to effective sweeping. As a result of the study data, staff has focused on reducing the number of parked cars on the street during sweep day, targeting the 15% of streets that were ineffectively swept.

In the most recent Recycle Plus Tracking survey (2005), 79% of the residents responded that they were satisfied with the street sweeping services, up 3% from the 2003 survey. This indicates that the strategy to focus on removing parked cars from the street on sweep days has improved the quality of street sweeping and been effective in mitigating the effects of the reduction from two monthly sweeps to one.

The CSA is entering the fourth year of a comprehensive five-year plan to address streets that are heavily impacted by parked vehicles by installing a total of 200 curb miles of new parking prohibition signage. New signage was installed on 40 miles of streets in 2003-2004, 40 miles in 2004-2005, and 40 additional miles were installed in 2005-2006. Continued one-time funding in 2006-2007 was approved for one Maintenance Worker I, one Maintenance Worker II, and non-personal/equipment allocation to install an additional 40 miles of parking prohibition. City staff continues to work with SNI groups, council offices, and other neighborhood groups to identify and prioritize locations for parking prohibitions.

Stormwater Pollution

The Department of Transportation works closely with the Environmental Services Department to ensure compliance with the City's Urban Runoff Management Plan and the National Pollutant Discharge Elimination System (NPDES) permit that allows the City to discharge water into South San Francisco Bay. The two departments also coordinate their focus on services that collect pollutants before they reach the waterways. Additionally, the departments work together to provide annual training for applicable Best Management Practices for City maintenance activities. In an

Performance and Resource Overview (Cont'd.)

Stormwater Pollution (Cont'd.)

attempt to streamline work conducted in waterways under Santa Clara Valley Water District jurisdiction, a Master Maintenance Permit between the City and the District is in place. The master permit allows the City to be more responsive to non-point source pollution prevention and flood mitigation needs. Furthermore, additional funding for staff was allocated in 2006-2007 for the operation and maintenance of stormwater control measures to enable the City to comply with permit requirements and ensures that investments in stormwater control are properly maintained.

Storm Sewer Management Performance Summary	2004-2005 Actual	2005-2006 Target	2005-2006 Estimated	2006-2007 Target
% of storm sewer inlets without obstruction	94%	97%	94%	95%
% of streets rated clean (4 or greater on a 1 – 5 scale)	75%	75%	78%	82%
Storm Sewer Management Cost to Budget Ratio	1.00	1.00	1.00	1.00
% of storm sewer inlet blockages cleared within 24 hours	65%	70%	65%	70%
% of customers rating street sweeping services good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	79%	79%	79%	80%

Changes to Performance Measures from 2005-2006 Adopted Budget: No

Activity & Workload Highlights	2004-2005 Actual	2005-2006 Forecast	2005-2006 Estimated	2006-2007 Forecast
Miles/number of storm sewer segments	1,032/24,752	1,250/25,500	1,042/25,140	1,250/25,500
Number of storm sewer inlets	28,500	29,000	28,500	29,000
Number of storm sewer inlet stoppages identified and cleared	1,616	1,000	1,500	1,500
Number of residential curb miles swept	64,900	65,000	65,000	65,000
Number of roadway debris removals	4,432	5,000	4,500	5,000
Thousands of tons of sweeping debris collected	12.50	13.00	13.00	13.00

Changes to Activity & Workload Highlights from 2005-2006 Adopted Budget: No

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,213,080	$ 4,427,494	$ 4,536,692	$ 4,757,568	7.5%
Non-Personal/Equipment	1,648,923	1,979,696	1,938,707	2,016,001	1.8%
Total	**$ 5,862,003**	**$ 6,407,190**	**$ 6,475,399**	**$ 6,773,569**	**5.7%**
Authorized Positions	**50.54**	**53.84**	**51.44**	**53.44**	**(0.7%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE			
1. In-Source Vehicle Maintenance Activities		**(10,222)**	**(2,222)**

This action will bring more vehicle maintenance and repair services in-house, while producing savings to the City through a reduction to the contractual services budget. Contingent upon the filling of two vacant Mechanic position vacancies, this reduction will result in a cost savings of $272,500, of which $220,725 is generated in the General Fund. As a result of using in-house Fleet Maintenance staff to troubleshoot and resolve mechanical problems, efficiencies should be gained as less fleet equipment will be transported to and from outside facilities; however, cycle times may rise during peak workload periods due to the reduction in the ability for Fleet Management to use contractual services for some major and complex repairs. The cost savings in the Transportation Department, Storm Sewer Management Core Service is $10,222. (Ongoing savings: $10,222)

Performance Results:
Quality A higher quality of work on repairs that are completed should be realized as it will be easier to monitor in-house staff repairs than with a vendor. ***Cycle Times*** Cycle times for routine repairs are anticipated to decrease as a result of bringing more of them in-house. Cycle times for major and complex repairs could increase, however, as the reduction in the ability to use contractual services during peak workload periods may cause some non-public safety related repairs to be deferred.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
RELIABLE UTILITY INFRASTRUCTURE (CONT'D.)			
2. Stormwater Control Measures Operations and Maintenance		**75,000**	**0**

This action provides additional funding for operation and maintenance of stormwater control measures. In accordance with the Federal Clean Water Act, the City has a National Pollutant Discharge Elimination System (NPDES) permit for the discharge of stormwater to surface waters through the City's storm sewer collection system (stormwater permit). The permit includes requirements for the City to conduct an array of activities to prevent pollution from entering the storm sewer system. Because the permit was recently amended in 2005, the new requirements for new projects (both public and private) are to implement treatment and flow control measures to address pollutants that may enter the storm drain system and creeks, in addition to the flow and velocity of stormwater runoff that can increase erosion in creeks. (Ongoing costs: $75,000)

Performance Results:
Quality This action enables the City to comply with permit requirements and ensures that investments in stormwater control are properly maintained.

HEALTHY STREAMS, RIVERS, MARSH AND BAY			
3. Street Sweeping Program Management		**(6,320)**	**0**

This action eliminates 1.0 Engineer I/II and adds 1.0 Senior Construction Inspector in the Department of Transportation's Street Sweeping Program. The Engineer position was vital in the development and improvement of sweeping strategies, including the identification and coordination of sweeping routes along with other engineering work. Since the completion of that work, the program's needs have changed to those of management, inspection, and contractual sweeping oversight; therefore, an Engineer in the program is no longer necessary. Because the program has expanded to include Downtown Cleaning, and the needs have shifted from development to implementation and production, the Senior Construction Inspector will assist in inspecting, managing, and supervising the program. (Ongoing savings: $8,582)

Performance Results:
Quality There will be improved inspection and coordination of street sweeping activities, which will allow activities to be more effective, provide cleaner streets, and increase customer satisfaction. ***Customer Satisfaction*** This action is anticipated to raise customer satisfaction with the sweeping program from 71% to 72%.

Budget Changes by Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
HEALTHY STREAMS, RIVERS, MARSH AND BAY (CONT'D.)			
4. Expanded Street Sweeping Signage	**2.00**	**239,712**	**0**
This action continues one-time resources to support one Maintenance Worker I and one Maintenance Worker II and $100,921 in supplies and materials costs for one additional year to install signs prohibiting parking on street sweeping days on an additional 40 curb miles. The additional signs will be placed on streets that are severely impacted by parking. With additional parking restrictions posted, street sweeps will be more effective at cleaning neighborhood roads and preventing the influx of debris into the storm drain system and, ultimately, into area streams and the bay. These investments will be split evenly between the Integrated Waste Management Fund and the Storm Sewer Operating Fund. (Ongoing costs: $0)			
2006-2007 Adopted Core Service Changes Total	**2.00**	**298,170**	**(2,222)**

Performance Results:
Quality Streets where new parking prohibition signage will be installed will achieve over 85% of parking compliance on sweep day, allowing for effective sweeping operations and resulting in clean streets. ***Customer Satisfaction*** This action will enable DOT to identify and install parking prohibition signs on streets where greater than 50% of curbs are blocked by parked cars on sweep day. It will raise customer satisfaction rating from 79% to 80%.

Strategic Support
Environmental Services Department

Core Service Purpose

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Environmental Services Department includes:

Key Operational Services:

- ❑ **Public Education**
- ❑ **Long Range Planning**
- ❑ **Employee Services**
- ❑ **Facility Management**
- ❑ **Financial Management**
- ❑ **Information Technology Services**
- ❑ **Clerical Support**
- ❑ **Materials Management**

Performance and Resource Overview

Key initiatives in this area include annual reporting on the Environmental Services Department's special funds and rates, legislative research and advocacy, and GIS mapping activities.

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,854,177	$ 5,501,258	$ 6,364,720	$ 6,364,720	15.7%
Non-Personal/Equipment	798,239	1,421,819	1,445,873	1,445,873	1.7%
Total	**$ 5,652,416**	**$ 6,923,077**	**$ 7,810,593**	**$ 7,810,593**	**12.8%**
Authorized Positions	**58.00**	**58.00**	**59.00**	**59.00**	**1.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support
Transportation Department

Provide the necessary direction and support to the department's core services by ensuring sound budget and fiscal services, hiring of quality new employees, development of a highly skilled and safe workforce, and implementation of useful and reliable information technology systems.

Key Operational Services:

- **Budget and Financial Services**
- **Personnel**
- **Training & Safety**
- **Information Technology**

Performance and Resource Overview

Strategic Support provides essential behind-the-scenes services that are necessary for the effective management of the department's core services. By centralizing operational services such as budget and financial management, training and safety functions, personnel services, and information technology management, front-line staff are better able to provide quality services to the department's customers.

The Department of Transportation's strategic support staff provides a variety of services that support the outcomes in the Environmental and Utility Services CSA, including budget and financial services, training, safety, personnel, and information technology support. For more information on these services, including the Performance Summary and Activity and Workload Highlights, please see the narrative in the Strategic Support section of the Transportation and Aviation Services CSA section of this document.

Strategic Support Resource Summary	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 606,230	$ 666,874	$ 797,772	$ 797,772	19.6%
Non-Personal/Equipment	26,068	34,160	34,160	34,160	0.0%
Total	**$ 632,298**	**$ 701,034**	**$ 831,932**	**$ 831,932**	**18.7%**
Authorized Positions	**5.52**	**6.17**	**6.84**	**6.84**	**10.9%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support
Transportation Department

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

City-Wide Expenses

Overview

The Environmental and Utility Services Program provides funding for basic utility services in a way that values the environment and makes it easy for residents and businesses to do the same.

Budget Summary

City-Wide Expenses Resource Summary*	2004-2005 Actual 1	2005-2006 Adopted 2	2006-2007 Forecast 3	2006-2007 Adopted 4	% Change (2 to 4)
Environmental and Utility Services	$ 400,098	$ 1,388,000	$ 680,000	$ 1,466,000	5.6%
Total	**$ 400,098**	**$ 1,388,000**	**$ 680,000**	**$ 1,466,000**	**5.6%**
Authorized Positions	**0.00**	**0.00**	**0.00**	**0.00**	**0.0%**

* For a complete listing of allocations for the Environmental and Utility Services Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
1. Rebudgets: Low Income Energy Assistance		**786,000**
This rebudget of unexpended 2005-2006 funds will allow for the continued availability of funding for Low Income Energy Assistance in 2006-2007. (Ongoing cost: $0)		
2006-2007 Adopted Program Changes Total	**0.00**	**786,000**